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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario



**Standing Committee on Resources Development**  
Estimates, Ministry of Industry, Trade and Technology

**First Session, 34th Parliament**  
Monday, December 7, 1987

Speaker: Honourable H. A. Edighoffer  
Clerk of the House: C. L. DesRosiers

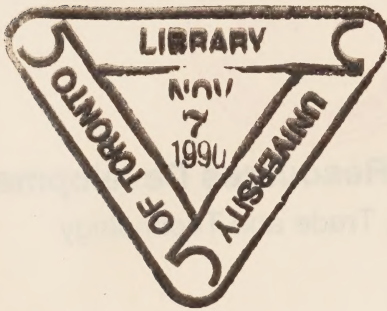
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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, December 7, 1987

The committee met at 3:35 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

**The Vice-Chairman:** I suppose while we are waiting we can start. I would like to welcome you all and to make note of the fact that you have before you a notice of motion which will be debated in the committee next week. It will not be debated now because we do not want to hold up the minister and his estimates. I am going to see a quorum anyway, even though we do not have all three parties present.

I would like to welcome the minister for a debate of seven and a half hours on the Ministry of Industry, Trade and Technology estimates for the year 1987-1988. Before we start, as a member from the north, I would like to welcome to his first estimates Mr. McClure, the assistant deputy minister for northern industry.

**Mr. Sterling:** On a point of order, Mr. Chairman: Is there an assistant deputy minister for eastern Ontario as well?

**The Vice-Chairman:** I thought his name was Sterling.

**Mr. Sterling:** Oh, okay.

**The Vice-Chairman:** Just as a reminder to the committee, in our discussion last week, we suggested that each party would propose a member who would serve on the subcommittee of this committee and perhaps at the end of our session we could find out who those people are. We had indicated that we hoped the ministers and critics in the estimates debates would attempt to be brief and stick as close as possible to somewhere in the neighbourhood of half an hour, since the total number of hours has been reduced. That is not a hard and fast rule, however. Perhaps we can proceed, Minister.

**Hon. Mr. Winter:** It is a pleasure to be here before the standing committee on resources development to present the 1987-1988 estimates for the Ontario Ministry of Industry, Trade and Technology. I can add that I am delighted to be representing the dynamic ministry which is responding to new challenges and is vested with a strong mandate to encourage, develop and

promote the competitiveness of Ontario's business and investment climate.

In the next few minutes, I will outline for you some of the activities the ministry is undertaking this year and a number of our directions and strategies for the future.

Today the international economy is the scene of rapid-fire changes. We are seeing major shifts in global markets, as new producers from what used to be unlikely areas of competition have become serious international players. As the number of new producers has multiplied, the competition we face has grown more fierce.

This, in turn, has intensified the drive for innovative services, products and processes which are changing the patterns of production and the structure of industries throughout the world.

Many of the changes we are seeing—the deregulation of financial services, the world mandating of products, the rapid diffusion of new technologies and the increasing importance of tradable services—reflect a new reality, a truly global economy.

In this new international context, we in Ontario have only one realistic choice. We must develop economic strategies attuned to this new reality to secure Ontario's long-term competitive position. This will maintain existing jobs and create new opportunities for youth today and for future generations. That is what this government is doing.

That means we must identify our strengths and build on them. It also means we must forge a strategic partnership among government, business, labour and the academic world to meet competition head on.

Our long-term commitment to growth means more than preserving one group or another, the development of one region over another or one industrial sector over another. Ontario's business is for all the people of Ontario.

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Our essential mandate at the ministry is to ensure that the policies and programs we develop will build on our competitive strengths. Only by expanding our winning sectors and by strengthening our advantages in areas where we have international excellence will we grow and create jobs.



The mission of this ministry is to help the Ontario economy rise to the challenges of global market competition and, in so doing, enhance our standard of living and our quality of employment. We are striving to develop policies and deliver programs that are equal to anything being offered in the rest of Canada and around the world.

While the Ministry of Industry, Trade and Technology supports the interests of the private sector, it must balance its role as an advocate for all businesses in Ontario with the needs and requirement of our citizens. Most of our initiatives are designed to widen our scope, to include all sectors of the economy, all regions of the province and all peoples in Ontario.

This means we are creating new directions both in policy and program development that will set the stage not just for the next few years but for the next century, which is a little more than a decade away. But before we look too far into the future, let us consider our economy right now. We have gone through nearly six years of sustained growth and expansion, leading the country in many key sectors.

As the Treasurer (Mr. R. F. Nixon) said in his economic statement to the Legislature on November 18, the rate of economic growth in 1987 is expected to be over 3.9 per cent. He estimated that investment growth will be up 13 per cent over last year.

The provincial unemployment rate, on a seasonally adjusted basis, has averaged 6.2 per cent in 1987, down from seven per cent in 1986, but we recognize that unemployment is still too high, particularly in the north and some central and eastern areas of the province.

It is clear that Ontario's business is more than competitive. In 1985 and 1986, the real gross provincial product increased by 9.4 per cent, which was the fastest rate of increase in any of the major Organization for Economic Co-operation and Development countries.

However, this kind of success should not lull us into complacency. Even though Ontario businesses have created over 140,000 new jobs so far this year, some industrial regions and sectors will continue experiencing a process of adjustment to new competitive pressures. This government has in place the programs to facilitate adjustment.

Working with business and labour to meet the challenges of global industrial restructuring is and will continue to be one of our primary responsibilities. Our equally important activities will be continuing to encourage exports, promote

the expansion and diversification of our existing regional industries and attract productive new investment to the province.

To accomplish this, we have completed a restructuring that divides the operations of the ministry into four operating units. These are policy and technology; industry and trade expansion; small business, services and capital projects; and northern industry.

Let us first look at policy and technology. Government policy must build for the future by encouraging technological development. The policy and technology division strengthens the government's research and development role and is establishing a policy development role in industrial technology.

Encouraging new and vital research and development projects is a major goal of this government. At the most recent first ministers' conference, the Premier (Mr. Peterson) released a paper, prepared by my ministry, which proposed a national target of doubling this country's research and development spending to 2.5 per cent of gross domestic product.

Ontario is taking the lead in proposing this collaborative federal-provincial undertaking. Some might say we are forcing the agenda, but a national commitment to research can and must be made.

Canada lags far behind the United States and other western countries in its commitment to this very basic investment in our future. Although the federal government has acknowledged its responsibility, its real spending on R and D has been cut in each of the last two years.

Meanwhile, this province is doing the opposite. The government of Ontario is showing a significant new commitment to research and development spending. In 1987-88, the Ontario government increased spending on research and development by 15 per cent over the previous year.

Expanded research needs to be closely linked with this ministry's new directions in industrial policy development. It is only by linking scientific research with the manpower and management resources that come from a strong industrial policy that this province, and indeed this country, will be able to meet the challenges of the upcoming decade.

We must be prepared to compete with everybody. Part of the way we accomplish this will be through policy planning and a commitment to a carefully developed industrial strategy.

The Premier's Council is also striving for industrial excellence with a mandate to help the



government steer Ontario into the forefront of the economic and technological leadership. The council brings together some of the best academic, labour and business minds in Ontario. They will provide direction for the investment of the \$1-billion technology fund aimed at pointing us ahead in the race for new technology and new products.

My ministry enjoys a close relationship with the Premier's Council, with my deputy minister, Patrick Lavelle, acting as secretary. In the coming months, the council will be publishing its first report designed to provide us with new direction for Ontario's economic and industrial policies.

I have just announced three major projects to be funded out of the technology fund. First, Canadian Astronautics Ltd. will receive \$2.8 million to carry out its research on a new airborne radar system; next, Sciex, which is part of the MDS Health Group Ltd., will receive \$17 million over the next five years to work with a group of companies to develop new analytical equipment that will be capable of detecting trace amounts of industrial chemicals; and, last, American Standard will receive \$3.8 million to work with a consortium of companies, including Spar Aerospace and IBM Canada, to develop an automated factory.

The first key step in our approach to focusing on our research and development capabilities was the creation of Ontario's centres of excellence. These centres will bring together the academic and business communities for co-operative research on breakthrough technologies, which will hold great economic promise for this province. Funding of \$200 million for the seven centres of excellence is now approved and contracts are being prepared. Some of the centres' key areas of investigation include advanced laser and light-wave research at the University of Toronto; space and terrestrial science at York University, the University of Waterloo and the University of Western Ontario; integrated manufacturing at McMaster University, Carleton University and Queen's University, plus the University of Toronto, the University of Waterloo and the University of Western Ontario; ground water research at the University of Waterloo; informational technology at Queen's University, the University of Waterloo, the University of Toronto and the University of Western Ontario; materials research at McMaster University, Queen's University, the University of Toronto, the University of Waterloo and the University of Western Ontario; and, finally,

telecommunications research at Carleton University, Queen's University, McMaster University and the University of Ottawa.

The creation of these centres is not just a reflection of this ministry's commitment to business and research. It is our commitment to advanced education as well. We are building for the future. I see these centres for excellence as the foundation that will bring together our best talent from the academic community and industry to work together in a spirit of profitable discovery.

The Premier's Council has also announced the formation of six centres for entrepreneurship at Ontario colleges and universities. These facilities will provide enterprising Canadians of different ages, sexes, ethnic backgrounds and education levels with the entrepreneurial skills to start up viable businesses. They will encourage and train the creative business people whose efforts are so crucial for economic progress.

#### 1550

I would like to point out that the success of the Premier's Council has inspired similar initiatives throughout Canada at the federal and provincial levels. We are pleased to be playing a leading role in the trend towards consultation and more effective co-operation.

Let us now look at the development corporations. In 1988, the Ontario development corporations will mark their 25th year of service to the Ontario business community. Over that lengthy history, the corporations have assisted countless firms in expansion, job creation and regional development; yet the corporations have also suffered from neglect. Repeated auditor's reports in the past have identified an organization in need of change. The information technology and delivery practices of the corporations reflect outdated technology. The time has clearly come for a revitalization process, and that process is under way, involving better technology and improved programs. The result will be a more efficient organization with better service to the Ontario business community.

As an example of our commitment to new business and technological development, the recently formed Innovation Ontario Corp. is providing seed capital and financial advice to technology-intensive startup companies. To date, the corporation has received more than 500 business proposals and has approved investments of more than \$7 million in 60 new ventures. This has attracted an additional \$18 million in private sector investment.



At the same time, the other development corporations are undergoing a major internal reorganization to bring their mandates in line with the new policy directions of this government. They are turning their attention to high technology, high-growth industries. It is our intention to make them more responsive to the needs of the business community, to make them more efficient and accountable and to redirect their attention to support of strong, emerging industries.

These corporations have played a very strong role in Ontario's regional development, especially in the north. On a per capita basis, for every \$3 lent in northern Ontario, \$1 is lent in southern Ontario. So far this year, our commitment to the north has increased by 25 per cent. The revitalization program will strengthen regional lending operations and provide for more decentralized decision-making.

Working with private lenders, the development corporations launched a highly successful new ventures program to provide startup financing to over 3,500 new businesses. That amounts to nearly \$50 million of financing guaranteed by the Ontario government. In total, some 4,100 new businesses will receive financial assistance through this ministry's programs. They will create 20,000 new jobs. Over 25 per cent of the recipients are women and more than half are young entrepreneurs. It is important that we continue to keep these vital groups active in the creation and development of new business ventures.

Now let us look at industry and trade expansion. As Canada's biggest exporter, we have undertaken significant new initiatives in promoting export trade, both to the United States and abroad. Within the past year, senior ministry officials have travelled to the Pacific Rim, India and Africa, promoting and encouraging international trade for Ontario's goods and services. This effort will continue.

There is not a province in Canada that is more active in the global marketplace than Ontario. This ministry is working keenly with Ontario's exporting companies to set a pace that will keep up at record levels.

I am pleased to report that export month, which this ministry recently organized, achieved the active participation of over 600 companies from across the province. More than 1,500 interviews were conducted with these potential exporters to raise awareness about export possibilities. Export month forums were also held

across Ontario, the first time the program has reached beyond Toronto.

In our efforts to broaden the market for Ontario goods and services this year, this ministry recently held a Pacific Rim conference, attended by over 300 business representatives, and we actively participated in the Paris air show, promoting Ontario-made aerospace products at this prestigious international event.

Next year, the Premier, myself and many senior Ontario business people will be attending the world economic forum in Davos, Switzerland. This conference is attended by senior corporate and government officials from all over the world. It will give Ontario a unique opportunity to present itself as an international player, with excellent trade and investment opportunities.

Also next year, the Ministry of Industry, Trade and Technology will be opening a new trade office in India, which will help us to penetrate this major market.

The new industry and trade expansion division also has a mandate to attract investment and new technology to the province by providing information and consulting services to foreign and domestic investors. The division also provides financial assistance to encourage our domestic companies to export outside North America. Within the last year, this division has expanded its number of branches serving Ontario's investment and marketing interests throughout the world.

Of particular interest to the business community are our efforts in the Far East. Our Pacific Rim branch is a direct response to the emergence of this major world economic force. Recently, we have opened a new trade office in Seoul, Korea.

My ministry has not been shy in this region of the world, where program activities so far have included 11 trade missions and one trade fair. We have also established a science and technology centre, in conjunction with the government of China, in Nanjing.

I am pleased to report that this ministry has helped Ontario companies sell over \$15 million worth of goods and services to this region. Thirty companies are now established traders in this area, and they have appointed 103 new trade agents.

Earlier, I referred to the ministry's international offices. The management of each of these offices is in the hands of one or two foreign service officers drawn from the Ontario public service and assigned to the offices for about four years.

I believe this is a unique opportunity for Ontario public servants with the required business skills to make a contribution to Ontario's economy and to benefit personally and professionally from the experience of a foreign assignment. In the last year, we have been diligent in arranging such career rotations to use these foreign-service assignments as career-development opportunities for promising employees.

In the United States, we are continuing the successful new exporters to border states program, which teaches potential exporters how to market in the United States and Latin American countries.

I believe this program is particularly significant. While we are striving to increase our exports to regions other than the United States, it is clear for nearly every Ontario exporter that the US must be his first step. This program is designed to introduce neophyte exporters to the American market, because we recognize the United States as the springboard to educating new exporters in the fundamentals of entering a foreign market.

This program is proving so successful that other provinces, the Canadian government and even several US states have introduced similar programs.

Our progress in the Latin American market has been substantial. Recent missions to many countries in the region have made clear contributions to the sale of equipment in the natural resources industries, telecommunications and other essential components of the basic economies of these countries.

At the same time, the European, African and Middle-Eastern branch has continued to attract new investment in Ontario in the past year. We assisted 19 new manufacturing firms to establish operations in the province. These operations represent a total investment of well over \$105 million, mostly from West Germany and Great Britain, and will create about 1,000 new jobs.

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Meanwhile, the branch has helped Ontario companies export approximately \$64 million worth of their goods to those regions. This is equivalent to about another 900 jobs created. For the first time, we have made a major trading breakthrough in the Middle East. The Ontario automotive aftermarket parts industry has recently obtained major initial business in Saudi Arabia and this could result in that country becoming our aftermarket parts makers' largest export territory after the United States.

Not all of this division's activities are concentrated abroad. The new regional operations branch is working closely with Ontario municipalities to encourage their participation in economic expansion. The regional operations branch provides eyes and ears for the ministry in our cities and towns in seeking out new technology, new investment and new markets at a grass-roots level. It is our intention to strike out in a new direction here. We must encourage our regional businesses to venture beyond where they could go in their local markets and explore trade opportunities abroad.

I would also like to point out that the ministry has recently established the position of eastern Ontario investment commissioner. Bruce Wilson, formerly senior representative in our Boston office, is located in Kingston and is actively pursuing investment leads for eastern Ontario communities and businesses. This new initiative is based on a community economic development approach and attempts to involve local communities and businesses in building together for a stronger future.

I would now like to address the small business, service and capital projects section. If this ministry is to continue to be responsive to all businesses in the province, it must devote considerable attention to the concerns, needs, growth and future development of our small business sector. The division's small business branch is continuing to expand its cost-effective advisory services and, through the office of my parliamentary assistant, Rick Ferraro, has intensified our advocacy of a legislative climate conducive to small business growth.

We are responding to the unprecedented interest of Ontarians in starting their own business and the increasing importance of this sector's health to our economy. Branch services begin with a province-wide, toll-free business startup hotline providing between 350 and 400 Ontarians per day with access to government services and information on rules and regulations.

In the past year, almost 40 per cent of these inquiries were from women looking to entrepreneurship as an attractive career alternative. We continue to support their aspirations through our business ownership for women program. We have expanded this program's province-wide seminar series and helped establish new local support groups in Sault Ste. Marie and Kingston. They join organizations already in place in Thunder Bay, Sudbury, London, Toronto and Ottawa. Establishing such local services has



been a major strategic thrust. This year we have expanded our support for university small business consulting units to three new campuses: Trent University, Brock University and the University of Toronto's Erindale campus. They join the 14 campus units already in operation.

We have established new storefront small business resource centres in Windsor, St. Catharines, Peel, Toronto and Scarborough, in co-operation with the local municipalities and economic development organizations. In eastern Ontario, we have undertaken a region-wide effort to increase local services. Stage one of the eastern Ontario small business network has seen us reach an agreement with the communities of Smiths Falls, Port Hope, Trenton, Renfrew and Hawkesbury to jointly operate self-help resource centres for local residents interested in starting their own businesses.

I look forward to officially opening these centres in the new year. In the coming months, we will be networking these centres with other initiatives in the region, introducing new management development programs and expanding to other locations.

These recent initiatives join our ongoing program of providing more than 100,000 publications, some 250 seminars and individual counselling. Together, we will serve over 125,000 Ontarians by the end of the fiscal year, assisting some 3,200 new business startups that will generate more than 15,000 new job opportunities across the province.

With support from the division's small business branch, my parliamentary assistant acts as our small business advocate representing the interests of small business in all government decision-making. He is currently developing ways of improving small business financing and investment.

It is thanks to Mr. Ferraro's committee of parliamentary assistants and the branch that we have originated the new ventures program that I have already mentioned.

I am also pleased to say that major legislative initiatives, such as pay equity, tax reform, worker's compensation and occupational health and safety, have been improved by this advocacy role and, as a result, legislation is more sensitive to small business.

In the coming months, our advocacy efforts will focus on tax reform measures to improve small business access to financing and on the organization of Entrepreneur '88, a joint venture of my ministry and the Premier's Council to be held next May.

Last year the Ontario Chamber of Commerce computerized Ontario investment network program succeeded in bringing together several hundred entrepreneurs with potential investors. The project has been supported by the ministry and has served as a model for co-operative programming between the private sector and government.

The reason for extensive encouragement of small business is that this dynamic business sector is much more than an agent of economic good; it is a social catalyst that deserves this ministry's support.

I would like to address business development. To survive and grow, Ontario business must become more competitive internationally. The key industrial sectors of the economy are facing the challenges of restructuring and modernizing to compete in a tougher global economy. The business development branch is now working to forge a partnership between government and industry to position our companies to meet the future.

The key industries being addressed in this manner include medical devices, automotive tires, plastics, aerospace and defence materials furniture, appliances, tool and die, electrical and electronics, and apparel. The branch works closely with each industry in developing an individual business strategy that is consistent with the trends developing in that sector.

Success often depends on the quality of a company's suppliers. To assist major companies develop a strong supplier base, the business development branch organizes specialized manufacturing opportunity shows, such as one to identify suppliers for the new General Motors Suzuki plant in Ingersoll. Another will work on key government procurements, such as the current \$2-billion federal helicopter acquisition program.

On a general level, the branch recently organized the Source Ontario: Manufacturing Opportunities Show, the largest of its kind in North America. This highly successful endeavor saw over 150 companies and government agencies displaying products worth in excess of \$200 million.

Capital projects: the division's capital project unit analyses and negotiates Ontario's participation in large private sector investments that have the potential to make a long-term regional impact or help us capitalize on unique opportunities to add to the international competitiveness of our industrial base.

This ministry, through the capital projects unit, provides a formalized interministerial review of major projects that are brought from a number of ministries. Recommended projects are referred to the cabinet committee on economic policy subcommittee, which I chair, for review prior to evaluation by the cabinet committee on economic policy and cabinet.

This process provides for a greater degree of consistency and understanding of the economic development impact of major projects.

#### 1610

For example, we have been involved in the expansion of the St. Mary's Paper Mill in Sault Ste. Marie, a waferboard mill in Englehart and a new particleboard plant in Bancroft. My ministry has been involved on a proactive basis with recent restructuring in the tire industry. Senior officials of this ministry have been in daily contact with the federal government, officials of the Cooper Tire Co. and Firestone Canada in an effort to avert a closure of the Firestone facility in Hamilton. Through our efforts, we were able to identify a potential buyer for this facility and when talks between the two parties broke off, we were able to restart negotiations.

My ministry is working closely with companies in the tire industry to ensure that existing Ontario facilities are modernized and that investment in new facilities takes place. Our activities will secure employment in this important sector and ensure that Ontario maintains a competitive tire manufacturing industry.

I would now like to turn to the service sector. The creation of the service sector secretariat earlier this year marked the long-overdue recognition of the importance of this sector's high value-added industries.

The move to establish a mechanism to co-ordinate government initiatives in this sector is taking place in countries around the world. It reflects the fact that service industries now account for the overwhelming share of new job growth in industrialized countries as well as the fastest-growing component of world trade.

We are now moving to address our services trade deficit with a series of initiatives aimed at strengthening industry linkages by helping industries to assess their capabilities, improve their market intelligence gathering and generally raise awareness of their needs and concerns.

The secretariat is currently developing a trades in services seminar series, in co-operation with the Toronto Board of Trade and various service industry associations. The series will start in February of next year.

The secretariat is also cosponsoring a series of design industry think tanks later this month and in January with the creative design research unit of the University of Toronto. As well, it has launched a series of government access workshops to inform service businesses of government programs for which they are eligible. The first of these will start in January with the Association of Canadian Franchisors. The secretariat's information unit maintains sector industry profiles in a series of on-line directories that are being updated to include service industries and to provide information about their capabilities.

Now let us look at northern industry. The changes affecting this province's economy are most often felt in the north. For too long, governments of this province have applied Queen's Park solutions to areas and regions of this province that had little in common with downtown Toronto. For this reason, we have created the northern industrial division to deliver a package of distinct ministry programs to the northern part of Ontario.

The northern industry division, under my assistant deputy minister Jim McClure, has established a head office in Sault Ste. Marie. Regional offices are located in North Bay, Timmins, Sudbury and Thunder Bay. This model of specialized programming for northern development has recently been duplicated by the federal government.

The northern team has been strengthened by the recent addition of Russ Sawchuk as area director responsible for the field offices and Gord MacNeil as senior business consultant in the Sudbury office. They are northerners with extensive business experience and both have worked in our US offices promoting trade and investment for Ontario.

I feel strongly that local problems require local solutions. That theme was evident at the Premier's conference on northern competitiveness organized by this ministry last year and at the Conference on Northern Business and Entrepreneurship held recently in Thunder Bay. For this latter conference, this ministry helped support the establishment of the Northern Ontario Business Awards of Excellence in conjunction with the Northern Ontario Business Magazine.

It is the objective of the northern industry division to encourage positive local and regional initiatives and to see that they become an integral part of northern development. For example, the ministry was instrumental in establishing Shadwood Enterprises Ltd. in North Bay. Construc-



tion has begun on this \$5.3 million project, which is a joint venture of Canadian and British interests. About 140 people are expected to be employed by next year, with as many as 300 jobs being created when the company reaches its fifth year of operations.

Our northern industry division staff worked closely with federal officials, the Northern Development Corp. and the ministries of Northern Development and Skills Development, in securing this business opportunity for northern Ontario.

An issue that is very much on everyone's mind is free trade. While my ministry is actively pursuing all possible business opportunities throughout Ontario and abroad, there is no doubt that our eyes must still remain clearly focused on the United States and the current free trade debate.

I believe all Canadians must be fully prepared to dedicate their efforts to evaluate trade between our two countries and determine the consequences of the proposed US-Canada trade agreement. The government has been grappling with these complex issues since the federal government initiated negotiations over two years ago.

My ministry has assumed the lead role in researching and co-ordinating Ontario's response to the free trade negotiations. Our efforts at developing a comprehensive position through consultation throughout the government and with the private sector are unprecedented in the annals of the Ontario government. Our effort to date has produced extensive research and reporting on free trade issues, ranging from dispute settlements to employment assessments. I believe these papers have made a significant contribution to the national debate and to our understanding of the potential impact of free trade.

In addition, the Ministry of Industry, Trade and Technology has met with 30 manufacturers' associations. These associations represent 40 industries, which account for over 80 per cent of Ontario-US trade in manufactured goods. The ministry has also consulted with 10 service sector business and professional associations. These consultations enabled us to hear the concerns of Ontario business and to assess the potential impact of a free trade accord.

At the same time, consultations with the federal government have been continuous. Throughout the talks, we have maintained bilateral contacts with the trade negotiations office. Ontario's special trade policy adviser, Robert Latimer, has represented Ontario on the

federal-provincial continuing committee on trade negotiations.

Simply stated, our government supports enhanced and secure market access to our largest trading partner, the United States. In fact, 90 per cent of Ontario's exports go to the US. When the trade negotiations were initiated by the federal government, we supported the primary objective of secure access to the US market. The very threat of an unjustified trade action by a US company could deter many Canadian firms from exporting to the United States.

This agreement does not provide secure access to US markets. Under this agreement, our access to the US market would not be appreciably more secure than it was the day the negotiations were initiated. According to the proponents of the agreement, Canada's major gain is a new bilateral panel to review antidumping and countervail disputes, but as far as trade actions against Canada are concerned, the panel would only be empowered to determine whether they are consistent with domestic laws and regulations.

The panel would not be able to assess the fairness of any trade law; it would not be empowered to hear new evidence. It would merely replace the US courts as a final forum to enforce the same US trade laws that have been used against us in the past. The proposed dispute settlement mechanism would do little to widen our options or reduce our risks. It would not have prevented the commerce department decision that led to a 15 per cent surcharge on Canadian softwood lumber. It would not solve the potato dispute, the pork dispute or any other dispute in which we face protectionist pressure.

## 1620

As well, under this agreement, four of the five US trade remedy laws remain unchanged. The only one that is affected at all is section 201 of the US Trade Act, which allows for restriction against fairly traded goods. While there is some provision for exemption, the section could still be applied against fairly traded Canadian products once they have achieved significant penetration of the US market. For example, President Reagan's decision last May to impose stiff tariffs on cedar shakes and shingles would be allowed to stand.

The agreement does not deal with section 301, which addresses violations of international agreements, nor with section 337, which addresses perceived violations of US intellectual property law. As I have indicated, current antidumping and countervail laws have not been changed.



The agreement does provide for continuing Canada-US negotiations over five to seven years to change Canadian and American trade laws and procedures and to reach agreed definitions of acceptable subsidy practices. But in all likelihood, we will have to make even further concessions to achieve these objectives. We simply cannot foresee how great those concessions might be or whether these negotiations will be successful.

Ontario's concerns with the agreement are not limited to the inability to secure access to the US market.

There is the loss of Canada's ability to screen a substantial proportion of foreign investments to ensure it is in Canada's best interests and to maintain our essential right as a sovereign nation to direct foreign investment.

The auto trade pact was not protected in the agreement. The safeguards under the auto pact are gone. Ontario's economic wellbeing depends on the auto industry, and a downturn in the auto industry would be felt all across Ontario's economy.

Removing tariffs and permitting unlimited purchasing from US suppliers destroy the very safeguards that helped build our vibrant auto sector. The Ontario government believes Canada must develop and implement a comprehensive national auto strategy before any changes to the auto pact are even considered.

This strategy must ensure the continued growth and presence of this extremely vital sector of our economy. This strategy must also include federal implementation of uniform production requirements for all third-country producers selling in Canada. It must include the assumption by Canada of its monitoring and control mechanisms on third-country vehicle imports, a safeguard the federal government allowed to lapse on shipments of many foreign autos four months ago.

There must be safeguards to ensure greater Canadian participation in parts supplies. It must include a joint commitment by government, industry and labour to improve the Canadian auto industry's technological capacity to ensure that we are competitive with any other country in the world.

In our view, the auto provisions in the free trade agreement would not satisfy these objectives. We are not satisfied this is a better deal for Canada. In fact, we fear the reverse is true.

Similarly, our bottom line on energy is that, under the proposed deal, we will lose our sovereign right to ensure that energy is available

first to Canadians in times of shortage. In effect, the proposal gives up our right to develop an independent energy policy for Canada.

If the pact is implemented as proposed, Canada will be tied to a continental energy market with little ability to ensure security of supply, resource upgrading or an independent pricing policy.

We are also concerned about the loss of tariff protection without any comprehensive adjustment package from the federal government aimed at those workers, industries and communities that would be most hurt by this deal. The loss of Canadian tariffs on dutiable goods, which are currently three to four times higher than comparable US tariffs, will create far greater adjustment burdens on Canadian industries.

The delay in releasing a legal text of the agreement has denied the Canadian public and provincial governments adequate time to assess the full implications of an agreement. Canadians should not be held to the US deadline. This agreement is too important to rush through.

As you know, I have chaired an Ontario cabinet subcommittee on free trade in a series of province-wide hearings to determine the direct and indirect consequences of the draft Canada-US free trade agreement. The cabinet subcommittee on free trade has heard from citizens, trade associations, corporations and unions. The committee is preparing a report which will soon be tabled in the Legislature.

The Ministry of Industry, Trade and Technology endeavours each day to promote Ontario products, encourage our entrepreneurs and prove that this province's business community is more than competitive. My ministry sees its role in this government as a catalyst for change and leadership in an ongoing process of economic development. This ministry will play a sure-handed role in the coming months, doing what is necessary to keep this province at the forefront of Canada's business and economic progress.

That does not give us carte blanche to spend beyond the means of this ministry or of this government. We must fulfil our mandate within our allotted budget. So we are, I can assure you, becoming more selective in the kind of transfer payments we are making to corporations. No longer will this ministry countenance a shotgun approach to private sector financing. We are, and will continue to be, selective.

Now I would like to talk about human resources. It is not just money that we need to promote changes in the marketplace. Much also depends on the resources within the ministry, our

own people. We are also changing to reflect the new realities of Ontario's industries. Our services must be more extensive, more informed and more personal. This ministry enjoys a wealth of talented individuals. We have made several new appointments in recent months. I would like to acknowledge the recent arrival of Blair Tully as the new president and chief executive officer of Ontario International Corp.

The ministry is demonstrating a willingness to broaden its scope and purpose to respond to all Ontarians. For this reason, the ministry has actively upgraded its training facilities in the French language throughout Ontario.

Employment equity is another priority within the ministry. In the 1986-1987 fiscal year, the ministry is exceeding its overall hire-promotion target, set in underrepresented areas, by 22 per cent in senior and middle management and business consulting positions. The number of women working in senior management increased substantially, from 2.9 per cent in March 1986 to 7.7 per cent in March 1987, and many other women are now actively in new career development training. In 1987-1988, we expect the same success rate in these areas.

This ministry is also expanding the concept of fairness and equal opportunity in new directions to include visible minorities, the disabled, francophones and native peoples.

As we enter a new year, there is much that the Ministry of Industry, Trade and Technology will be involved in. We will be actively engaged in the business of Ontario's business at virtually every economic, financial and resource level. I am confident that the restructuring of this ministry is essentially complete, with programs in place to assist Ontario's business community. Their success is a matter of diligently working together to make Ontario's business more than competitive.

**The Vice-Chairman:** The response from the critic for the official opposition, Mr. Morin-Strom.

**Mr. Morin-Strom:** I thank the minister for his presentation. This is the third year I have had the opportunity to make a response on the estimates for the Ministry of Industry, Trade and Technology.

**Hon. Mr. Kwinter:** The first year you have been able to speak first.

**Mr. Morin-Strom:** The first year I have been able to respond first, yes.

I would like to reiterate some of the concerns I have made in the past about this whole process. It is not to focus on this particular ministry, but on

the absurdity of doing a budget process where we are debating, at least theoretically, a budget which is at this point nearly 75 per cent spent and looking at approving by the end of March a budget which at that point will be completely spent.

**1630**

It seems to me that the whole estimates procedure needs a drastic overhaul. Certainly, I reiterate the comments I made when I was elected for the first time and looked in on what was such a major part of committee work, that is the estimates. Processing probably takes more time in committee than any other aspect of our legislative work. I believe something could be done about the futility or absurdity of this exercise. We should be looking at a new budget process, in which we are looking at the budget for the year coming up, rather than the year we are into. We should be looking at the figures from the ministry for what it is planning to spend in 1988-89 at this point, so that we could have an approval for the government in terms of spending directly, starting next April, rather than looking at the spending that will have been completed as of March 1988.

**The Vice-Chairman:** Excuse me, Mr. Morin-Strom, just as a matter of interest, the Provincial Auditor has commented on that in his most recent report. I understand the standing committee on public accounts will be looking at that.

**Mr. Morin-Strom:** I hope they do. Certainly new members would have to take a look at what goes on here. As you are here longer and longer, you get to accept what goes on as being what should go on, but I do not believe it is the way it should be. As a matter of fact, at the end of October I came back from a visit to Sweden and Norway. Their budgeting process is quite different from ours. In Sweden, as I know specifically, they have a budget presented at the start of the calendar year. It goes through extensive review within the legislative process during the first six months, and a final vote on the budget is required by late in June. That budget is for the fiscal year starting July 1. They have a fully completed budget review and approval of the budget in advance of the fiscal year starting. This, to me, is far more sensible than our system. We hope to have a final vote on the budget by the time the spending is completed at the end of March.

Getting into this specific ministry, I would like to react to some of the specific items that have been brought up in the remarks made by the minister today. Then I will speak at greater length specifically on the free trade issue and



alternatives in terms of industrial strategy to respond to the federal government initiative.

First of all, I look at what the minister says on page 3 of his comments. The minister says, "Only by expanding our winning sectors and by strengthening our advantages in areas where we have international excellence will we grow and create jobs."

I think it is imperative as a province that we do develop competitiveness on the international scene. There is no way, in terms of our population base, that we can cover and be the experts in every possible area. In terms of this direction, as stated by the minister, I hope the government would be attempting to do this. In terms of developing industrial policy and creating the strength that we need in terms of competing in the world market, my feeling is that we should be building on strength rather than on weakness. As a result, I am not sure that this ministry is doing a sufficient job to do that, but I think that direction is the key to the future of our province.

One of the strengths, obviously, that I believe we do have, and have had historically, is the export potential from the resource sector. As a nation, looking at the geographic reality of Canada, we have an area which is far larger in terms of resources and resource potential than we could ever utilize internally within our own economy. The export of resources is always going to be a major activity for Canada and it has always been an area where we have had major surpluses in trade. I believe we have to look at how we can get as much value and as many jobs as possible out of the export of those resources. I wish this ministry would look more closely at encouraging the resource sector, particularly the manufacturing industry that is related to the resource sector. I do not believe this ministry has been doing that. In many respects, this ministry has been looking at areas of weakness, rather than at areas of strength.

The minister went on at page 4 to say, "We are striving to develop policies and develop programs that are equal to anything being offered in the rest of Canada and around the world." I do not believe that is going on within this ministry. In fact, this ministry is one of the smaller ministries in terms of staff size within the province. I do not think we have been doing a sufficient job in terms of developing a coherent industrial strategy that could ensure that we would be competitive with industrial programs offered elsewhere in the world.

In particular, this ministry and the government have not put nearly enough emphasis on utilizing the major resource we have, which is our people resource. Priority has to be put on full employment. If that was a ministry objective and a ministry target in assessing its program, as well as being a government objective and target, I think we would be better servicing all the people of the province, not just those who are running the businesses that we have today.

I suggest that the government take a close look at some of the policies that have been implemented in countries that have been very successful in maintaining full employment. While I commend the ministry for starting to do more in terms of interaction with other governments besides the United States and looking and reaching out to other areas of the world, we should be looking more closely at countries like Japan, Austria and some of the Scandinavian countries in terms of their market policies, particularly their labour market policies which are designed to maintain full employment and jobs which are competitively priced as well in terms of wage levels.

On page 9, the minister goes on to discuss the priorities he has for spending in the area of new technology and, in particular, the fact that the government of Ontario has increased spending on research and development by 15 per cent over the previous year. I would like to know what that is based on. My impression is that spending on research and development by this province is relatively small.

However, I do not know whether or not he is talking about spending in the billion dollar technology fund as part of that. Those figures are not clear to me as to what is going on. I would have assumed, with this tremendous commitment that has been claimed in terms of the centres of excellence and other research initiatives, that we would be looking at tremendous increases in percentages being committed by this province in supporting research and development. Certainly, 15 per cent does not sound like very much on what I believe is an historical record of commitment in that area. I would like to know what the base is from last year to this year that has been included in that figure.

#### 1640

On page 12, the minister specifically mentioned the centres of excellence and the projects that are being supported under the centres of excellence. I have to express very strong concern about the concentrated focus of these funds going to a limited number of schools and regions within the province. We have listed here the seven



major programs which have received a commitment of \$200 million. That is a significant sum being committed for research and development, new technology development. The schools are the University of Toronto, York University, the University of Waterloo, the University of Western Ontario, McMaster University, Carleton University, Queen's University-Toronto, Waterloo, Western are repeated over and over—Waterloo, Queen's, Waterloo, Toronto, Western, Queen's, Toronto, Waterloo, Western and so on. None of them is in northern Ontario.

For the nearly 20 schools mentioned here, none of the funds is committed to any joint research projects involving northern universities. Only three of them are committed to schools in eastern Ontario, all of them in Ottawa, which in terms of level of development is in quite a different state to the balance of eastern Ontario. In terms of far southwestern Ontario, none is going to the University of Windsor.

I express concern that the focus of the government's initiative in terms of technology is on high tech and is concentrated on building and committing more funds to the areas that already have relatively strong research development doing on in southern Ontario; not that this is bad per se, but if we are going to support new types of industry in the areas of the province where we have high levels of unemployment and where we have a need for new industrial development, we have to have somebody doing the research and development and developing expertise and training people in those regions.

It is not going on in northern Ontario. We know the universities in northern Ontario are not major research institutes and that undoubtedly is the reason they have not been included in this funding program. In fact, when the original stipulations were put on the centres of excellence program, it was stated quite clearly that the government was going to put more funds into the areas that already had the strongest researchers.

However, as I have said, we have tremendous export potential from our resources, particularly in northern Ontario, but we will continue to be primarily an exporter of raw materials and semi-finished products if we do not have the expertise to be in the forefront of finished, more highly developed, higher value-added products from those resources. I feel that if some of this major research went on in the north, the focus of the research would be on developing complementary industries to what we already have in that area.

Should I proceed?

**The Vice-Chairman:** It is only a quorum call, so we can go ahead, unless some of you want to go and help make it a quorum. Go ahead, Mr. Morin-Strom.

**Mr. Morin-Strom:** Next, on page 17, promoting export trade, the ministry is putting more emphasis on developing trade relations in areas around the globe generally. It mentions here specifically the Pacific Rim, India and Africa. I hope the ministry will continue to do that. I believe that opportunities are available to industry within Ontario for competing elsewhere outside of North America. This ministry should be taking a lead role and putting much more in terms of funding into its international offices. I am supportive of that but I think a lot more could be done.

On page 25, I notice the ministry has to some extent recognized that eastern Ontario exists and has appointed Bruce Wilson to the position of eastern Ontario investment commissioner. I hope the ministry is doing more than appointing one person to work on industrial assistance or developing more industry in that region of the province. Again, that area, like northern Ontario, has tremendous needs in terms of jobs, particularly for the smaller communities outside of the city of Ottawa.

On page 29, the minister has a pat on the back for his parliamentary assistant and small business advocate. I see the small business advocate has apparently done a good job in getting the small business community on the Liberal ship, I guess. I am a bit sceptical as to the real value of this particular committee of parliamentary assistants, other than its political nature in terms of giving them communication links with the small business community.

I am questioning why they exist and what value they have provided for the government. The minister says that in representing small business this committee has been successful in "major legislative initiatives such as pay equity tax reform, workers' compensation and occupational health and safety" and that these areas "have been improved by this advocacy role and as a result, legislation is more sensitive to small business." I question whether, in fact, the legislation would have improved anything with respect to the people of the province as opposed to the point of view of the owners of the business.

On page 31, we have a number of key industries that have been targeted for business development in the province. I would like to know from the minister whether these industries reflect the needs of the underdeveloped areas c

the province and what impact putting particular emphasis on "medical devices, automotive tires, plastics, aerospace and defence materials, furniture, appliances, tool and die, electrical and electronics and apparel" industries is having in either northern Ontario or eastern Ontario. Again, I would like to see some more emphasis on industry related to resource development.

1650

I have to ask what the ministry's involvement was in the expansion of the St. Mary's Paper mill in Sault Ste. Marie. Certainly, that is a very large project and a very important project going on for the community, but the company was committed to that project far in advance of the government's committing anything to it. I question that the government's commitment of loan guarantees, which I believe have been promised, had any impact on whether the company is going to go ahead with that project or not.

Sometimes it seems that the government sees major projects going on and wants to make sure its name is on the credit list when it comes time to make the big announcements. Therefore, it makes a promise to help out in a case where help was not needed at all. I would like to know what is this government's commitment to that project? Also, what difference did it make?

On page 37, we have the discussion of the northern industry division. I appreciate the fact that this division was established. However, it appears that the division is almost nonexistent in terms of funding level. If you look at the funds in the estimates, in total the figure shows something over \$6 million; but when you go back and look at the details of the estimates, nearly all of them are just in investment and operating funds for the Ontario Centre for Resource Machinery Technology in Sudbury, which was established by the Conservatives a long time ago. From the reaction to that particular centre that I have heard across the north, it has not been a particularly successful one.

The commitment to the offices across the north sounds good. We have a head office in Sault Ste. Marie and regional offices in four other cities. We have five offices up there. I see we have a total in salaries and wages this year of \$407,000, which means there must be one person in each of the four offices. There are a few in the Sault office, I know, but it is very few. In fact, it would appear that the funding is primarily to show that the ministry has a presence in the north.

I do not know where the programs for northern development are. In fact, in his statement, the minister says, "We have created the northern

industrial division to deliver a package of distinct ministry programs to the northern part of Ontario." I am not aware that there is a package of distinct ministry programs for northern Ontario, and I would like to hear from the minister when it is going to be developed and when the funds will be there to support it.

Finally, from the minister's comments on page 52, the minister takes credit for increasing the number of women in senior management from 2.9 per cent to 7.7 per cent. That still sounds like a woefully inadequate target. It seems to me the government has to play a greater role in breaking the barriers to women in places of employment which are traditionally male. When it comes to initiatives involving industry, trade or finance, typically men are viewed as being the ones who should be involved. I had that experience at Algoma Steel, where the number of women in senior management was probably lower than 2.9 per cent. That is the case, I believe, in many industries, and we have to break that psychology that only men can run enterprises.

At this point, I have to discuss free trade briefly. This certainly is the most important economic issue facing Ontario. A week and a half ago, I had a resolution before the House that I would have thought would have been supported at least by two of the three parties of the House, given the comments of the Premier in opposition—generally his comments have been very strong—in opposition to the free trade agreement.

At that time, in this resolution, I asked that the government of Ontario should ensure, first, that the government or Legislature will not approve or implement any part of the agreement falling within provincial jurisdiction; second, that the government and the Legislature will not pass any laws or orders in council to comply with the agreement, if the agreement is formally signed by the two federal governments and approved by the respective national legislative bodies; and, third, that the government and the Legislature will pursue every constitutional, legal and political channel to express its opposition to this free trade agreement.

Quite clearly, the Liberal Party caucused on that resolution in advance of what was supposed to be a free vote on it and all voted against taking whatever steps could be taken to fight that agreement.

This ministry has been one which has put out many comments on the free trade agreement as it has come forward from the two negotiating governments. I have got quite a number of



reports here and I do not recall that any of them are very favourable towards the agreement.

However, the minister, and certainly the Liberal government, still do not appear to have the commitment to take steps to stop the agreement from its implementation. We know the Ministry of Industry, Trade and Technology has done a number of studies. They have studied sectoral and regional sensitivity of Ontario manufacturing industries and tariff reductions, which showed that many industries in this province are vulnerable.

We have the study on the disputes settlement mechanism in free trade agreements. I think everyone recognizes that there is no disputes settlement mechanism in this agreement, that the panel that is to be formed will be operating under US law at a very late stage in the process and will not be providing the secure access we all wanted. We have a study on the implications of national treatment in a free trade agreement. We have a detailed study on sectoral and regional sensitivity and we have studies on the impact of free trade, particularly on women in the workforce.

I would like to ask the minister to respond to us during these estimates—and I am sure he has done a survey—about what areas or all the possible areas in which this government could be taking specific action to fight the free trade agreement. How many areas of this agreement do infringe on provincial jurisdictions? What are the options that the province has either to prevent the agreement from going through or, at the very least, refusing to co-operate with provincial legislation or regulations that might be required?

1700

I believe it is important that we stop this agreement. That has to be the number one priority for this government in terms of economic and industrial policy. There are no benefits that I am aware of from this agreement. Even the winners claim that the agreement only assures the maintenance of the status quo. The steel industry and the lumber industry recognize that they are not going to get exemptions. Those are certainly the strong export industries where we have competitive advantages in the United States, and they recognize that there are going to be no exemptions from US countervailing duty actions and from antidumping actions.

My understanding is that the steel industry will still be subject to quotas, the quota of 3.5 per cent of the US market. There has been no commitment to new investment or new jobs in those industries. All those industries could say is that this agreement could protect the status quo for

them. Meanwhile, many other industries were looking at jobs being at risk. Most important in the long run for our province is the auto industry, the auto pact effectively will have no force once the tariffs are eliminated.

I would like the minister to comment on what we are looking at in terms of the auto industry and, as well, not just the auto pact as it affects the North American companies, but what is being done as an alternative to see that the new foreign auto companies that are establishing plants here in Canada will abide by the auto pact in future. We do not need just the knocked-down component assembly plants which generate jobs in this province, but we have to have content in those plants and assurances that those plants will be using a significant content of Canadian parts and labour.

The agreement certainly does nothing for regional development. If our move towards economic integration with the United States means we are going to get closer and closer to having to match the US, in terms of laws, in particular in the definition of subsidies as they relate to regional incentives, we have a very serious dilemma facing us. I think if we go right across Canada and the United States and look at neighbouring regions, Canada generally has supported—although I do not think we have to continue to do more for the areas of smaller population, generally our historical record has been to provide greater regional assistance across this country.

If you compare even our area of northern Ontario with the upper peninsula of Michigan, we are economically much stronger and better off than they are. If you compare Manitoba with North Dakota, or Alberta with Montana or Idaho, or British Columbia with Washington state, or New Brunswick with Maine, I think generally you would say the standard of living and the economic activity on the Canadian side and in the Canadian community is far better than in the corresponding areas in the United States.

We just cannot afford to go into a laissez-faire North American model which would concentrate the predominant amount of economic activities in the growing population areas of North America, in the big cities of the United States particularly in the growing south; and within Canada, presumably, almost specifically in the city of Toronto.

As an alternative to free trade, though, we have to have a strategy to develop industry and develop the jobs we need. It seems to me that this ministry should be taking a stronger role in doing

hat. As I stated earlier, the top mandate of this ministry should be to ensure that our people resource is being fully utilized and that the jobs are available within industries for that people resource. Industry and technology are very important in establishing the job base for our economy generally.

I did want to mention one comment the minister made in terms of the growth of jobs as being predominantly in the service sector. I cannot recall what page that was on. In my view, one cannot just jump on the services bandwagon as a panacea for our future. Many of the jobs in the service sector are not the kinds of jobs that we want to see. Many of them are minimum wage or very low-paying jobs.

There are certainly services in terms of some financial services, computer services and high-tech type services that are in the forefront creating very good jobs; but at the same time we also have growth in services in the tourism industry, cleaning services, all kinds of contracted-out services that may have been done internally in strong corporations that can pay very good wages, but are now using the service sector to contract out more and more of their work. This work is being done by small firms at very low wages with very few benefits. I do not think that is the direction we want to go in this country.

**Hon. Mr. Kwinter:** I think it is page 35, by the way.

**Mr. Morin-Strom:** Okay. The minister had said that "service industries now account for the overwhelming share of new job growth in industrialized countries, as well as the fastest-growing component of world trade."

We have to be very careful when we talk about the service industry in selecting between the kind of contracted-out or low-wage services compared to the services that are looking at export. Export services typically are in technology, financial services and the computer field. No one disputes that those have to be a major focus for the future, but I think we should be more careful in terms of dissecting what the service sector really is, what parts of the service sector we want to encourage and what parts we want to be very wary of, most particularly low-wage, contracted-out work and part-time work.

I think at this point I have covered most of what are my major concerns. I hope we will have the opportunity to ask a number of questions in the next couple of days. I would particularly ask the minister to have someone available here to represent some northern questions that I have. I

notice Mr. McClure is here. I will have some questions on the Northern Ontario Development Corp. as well. I know we have had Arne Sorensen here before to speak to that. If someone else is as conversant as he is, I have some specific questions with regard to that matter. I would appreciate having someone available to answer these questions.

1710

**The Vice-Chairman:** Thank you, Mr. Morin-Strom. Now for the leadoff for the Progressive Conservative Party, Mr. Sterling.

**Mr. Sterling:** At the outset, I would like to congratulate the minister on his appointment as Minister of Industry, Trade and Technology. In particular, I imagine it is a difficult time to come into this role, having to take a negative role towards free trade, when I am sure much of your staff would probably be much more comfortable with a position that was pro free trade. It is a position I would not like to be placed in.

Further, I was more than delighted to hear that the minister and the Premier will be travelling to various different venues over the next year to find out more about the trade issue. I am certain Mr. Morin-Strom and myself will be more than available for those kinds of informational and highly informative educational kinds of meetings. Perhaps before I continue on my remarks, I would like to have some reaction to that question. I am kidding, of course. I just thought it might flow to some of the material that might follow.

I am very happy in a general sense to see that the minister has seen fit in his opening statement to mention eastern Ontario, perhaps more than it has been mentioned in this Legislature over the past year and a half or two years. It seems that whenever we are talking about economic development and problems in this province, we seem to forget that part of this province.

I want to remind the minister that eastern Ontario, basically and population-wise, is divided into two sectors. One half of the population lives within the regional municipality of Ottawa-Carleton—I hope it is never to be called Metro Ottawa as was rumoured in the press last week—but half is outside Ottawa-Carleton. If ministry officials will look at family income for the areas outside of Ottawa-Carleton, they will find it is the lowest of all income levels in all of Ontario, and that includes areas of northern Ontario as well. It seems to me that the present government's concern with northern Ontario is well founded, but we in eastern Ontario find it very much of a concern of ours that it seems to have forgotten the other side of the equation.



Having represented the county of Grenville, as well as part of the regional municipality of Ottawa-Carleton, as a member in the last three Legislatures, I was aware of both half of the segments that I talked about in eastern Ontario. While we met with some success while we were the government—I was not satisfied with the efforts, although they were adequate at that time—I must say I am not encouraged by this government's attitude to somewhat ignore that particular area, both in funding and in emphasis in terms of major policy documents. I am talking about documents like the throne speech and the budget, which we hear from year to year.

While setting up a few offices across eastern Ontario is good, I guess, as far as the image might go, the real hard facts are that in the area outside of Ottawa-Carleton the small towns need to have their infrastructure rebuilt and they need extra special help in order to be able to do that. They cannot afford to opt into government programs, which the more affluent areas can, at the same rate as those affluent areas. A program which requires a subsidy of 50 per cent or 65 per cent in Ottawa-Carleton, to appeal at all to the area outside of Ottawa-Carleton, particularly as you push further away from the Ottawa-Carleton region, requires subsidies in the range of 90 to 95 per cent. It is a lot harder for them to raise the 10 per cent than it is for Ottawa-Carleton to raise 30 or 40 per cent of a government program.

Therefore, I hope that your government, and particularly your ministry, would take a special look at the area outside, even though I do not have the pleasure of representing that area.

Rather than jump around all over the areas of discussion which were involved in the minister's opening remarks—and there is a tendency in estimates to try to cover all of the bases and to go all over the area—I want to get to the minister's remarks on free trade because that is the issue in Ontario and in Canada at this time. The other issues really pale in comparison to the importance of that issue.

As I suggest in my general overall statement with regard to free trade, I feel the government has taken precious little leadership in this whole area. It has not been positive nor acted in a positive manner with regard to the present agreement and with regard to entering negotiations on the free trade agreement.

It is my feeling that this has hurt our image in Ontario as international traders. I believe the continuing negative response and overwhelmingly negative response of this province towards a bilateral trade agreement—albeit you try to

qualify it, that it is based on condition—will have a much larger effect on our trading potential, not only with the United States but with other countries. I think Ontario is being viewed as parochial, small-town province where we cannot compete in the world and we cannot compete with the United States. If we cannot compete with the United States, we cannot, as far as the goes, compete anywhere.

Therefore, I think the political rhetoric which the government entered into during the election has, in some ways, caught up with it and has projected a poor image for Ontario abroad. That is why I want to travel with the minister, to try to remedy that situation—on a purely nonpartisan basis, of course.

I am going to pay some particular attention to the dispute settlement mechanism in a few moments, but I want to ask you a few questions in response to your submission on this matter in your opening remarks. I would like to have you provide me with a summary of the meetings with the various associations and industries that you have met with over the past year. I would like to know—this is not mentioned in your remarks—where are the associations and businesses that are in favour of a free trade agreement, particularly of this free trade agreement, or else what problems they have with it.

When you carry on consultations in such a manner, under the new Freedom of Information and Protection of Privacy Act, no doubt the minutes from those meetings will become public documents anyway. I would like to see them over the next little while, so that when we enter into this debate in January, when we have the final wording of this free trade agreement, we can have the views of all these associations, and respect what the various working groups have to say.

1720

I must admit that I was somewhat sceptical about what you say on page 45: "There is a loss of Canada's ability to screen a substantial proportion of foreign investment." I would like to hear your remarks on our legislation last June with regard to the security industry and the move by the Liberal government to give up any Canadian control over that particular industry. I would like to know what your response is to that criticism. How can you be talking out of both sides of your mouth on that particular issue? That is what appears to be.

**The Vice-Chairman:** That was meant in a purely parliamentary way.

**Mr. Sterling:** Yes, that is right.

With regard to your concern over the federal government's adjustment package, I would like to know what the provincial government is doing with regard to workers, industries and communities that will be most hard hit by this deal as well. I think I have heard far too often that this government is copping out with regard to the federal government. I would like to know what retraining programs, what kind of adjustments you have in place or what plans you have in place for dealing with workers who will be affected by this particular agreement.

I also notice on page 48, which I was referring to before, you complain that: "The delay in releasing a legal text of the agreement has denied the Canadian public and provincial governments adequate time to assess the full implications of an agreement." Is that the particular legal text which was agreed to just yesterday that you are referring to there? I do not understand the complaint. I see the minister nodding in the affirmative.

**Hon. Mr. Kwinter:** It has not been released. We heard that they had come to an agreement.

**Mr. Sterling:** I just found it odd that you would be complaining about it when, in fact, it was only agreed upon yesterday. Also, it was not in the control of either the Canadian government or the United States government to release any document at that time. I understand we will have it on Thursday or Friday.

**Hon. Mr. Kwinter:** Whenever. We were promised it initially three weeks after October 4.

**Mr. Sterling:** I would then like to make a few remarks with regard to the whole question of the free trade agreement and the dispute settlement mechanism. I would really like to know what this minister would like in lieu of the agreement that is already in existence. I am referring to that particularly because the principal part of the original elements of the agreement, as it was noted, the principal part of that particular document related to the dispute settlement mechanism. Therefore, probably of all the parts of this agreement, you know more about that particular part and there will be less thrashing out of that part than of any other part contained in the agreement.

This particular matter, as you know, has been a matter of considerable debate. Your government has obtained and released two legal opinions claiming that the proposed mechanisms are ineffective and that they do not achieve the objectives set by the federal government and are not a significant improvement over the current procedures and processes.

Of course, one of those opinions was released with a great deal of fanfare in this room, I believe, with a press conference. I noticed a less favourable opinion to your position was released with much less fanfare and was, in fact, submitted to a committee that your cabinet ministers had set up.

Our federal government, on the other hand, claims that the free trade agreement proposals represent a major breakthrough in international trade law and will enhance access to our American market, will restore the rule of law to Canada-US trade relations and will protect Canada against American protectionist harassment.

Most recently, we have had the Business Council on National Issues—I will refer to it as the BCNI throughout my statement—release the legal opinion which it had commissioned, that supported the federal case and took issue with a number of arguments in the Ontario government opinions.

On November 5, you released a legal opinion prepared by the law firm of Blake, Cassels and Graydon on the dispute settlement provisions of the free trade agreement. In the opinion they identified four areas where it claimed that the federal government had failed to negotiate an effective dispute settlement procedure.

The Blake, Cassels opinion claimed that the proposed dispute settlement mechanisms do not prevent US trade remedy laws, do not produce binding decisions, are not particularly workable and do not provide for appropriate participation by interested parties.

The conclusions of the Blake, Cassels opinion parallel those contained in the opinions prepared by the Washington law firm of Hogan and Hartson as presented to the cabinet subcommittee, as I mentioned previously. The Blake, Cassels opinion evaluated the dispute settlement provisions of the free trade agreement in relation to a very strict set of criteria for adequacy which, while intellectually rigorous, have little relation to the realities of international negotiations. It was hardly surprising, then, that the free trade agreement provisions were found to be inadequate on the basis of the criteria used in the opinion.

Also, I must say, as a member of the bar, that lawyers are usually not given to preparing briefs inconsistent with their clients' interests. It will still be expected that the opinion released by the government would not highlight the elements of the agreement which will result in an improved dispute settlement process.



**The Vice-Chairman:** Are you saying lawyers are not purely objective?

**Mr. Sterling:** I was not saying that, but there is often a small bias, in what they do, favouring those who pay them.

So it was not surprising when the minister endorsed the conclusions of the opinion, saying that "the original goal of the deal to secure access to the US market will not be realized under the proposed dispute settlement mechanisms. In fact, the mechanisms in this agreement offer Canadians no more avenues of protection from harassment than already exist. US trade laws remain intact and we receive no real protection from US trade harassment."

Both the minister and the Premier have complained that the dispute settlement mechanisms do not override American trade laws and that therefore the mechanisms will not be effective. A number of comments could be made with regard to that contention.

First, the Premier's famous six conditions for a free trade deal did not include a call for a dispute settlement mechanism which would override American trade laws. The Premier called for "an acceptable dispute settlement mechanism to protect Canadian industries from unfair harassment and provide genuine relief from the unfair application of US trade laws."

In so far as a free trade agreement provides for a binational panel with the power to reach binding decisions with regard to the application of antidumping and countervail laws, that would seem to satisfy the Premier's original condition.

1730

Second, and more oddly, the Premier has stated, and you have stated with regard to the energy issue in your statement today, that one of his concerns with the free trade agreement was its impact on Canadian sovereignty. Yet the Premier's demand for a dispute settlement mechanism which would override American trade remedy laws only implies that he would be willing to give away, on our side, the right for Canada to apply its own domestic trade laws before an agreed-upon substitute system of laws was developed.

I find it a rather curious position for a Premier to take who has planned to play the role of a nationalist on this whole issue. He cannot have it both ways. The Premier is discounting the effect and importance of the good-faith provisions in the free trade agreement and the impact those and the precedents of international law will have on the implementation and operation of the

free trade agreement's dispute settlement mechanisms.

In addition, the Hogan and Hartson opinion presented to the cabinet subcommittee on free trade, which you chaired, identified a number of areas in which the proposed dispute settlement mechanism would be of benefit to Canada and represented an improvement over the existing processes and procedures. For example, the opinion stated that the free trade agreement provisions which provided exemptions from section 201 provisions could be of significant benefit.

The opinion also noted that the binational panel process should operate more quickly and efficiently than the US courts and could influence significantly the time commonly taken by the US court of international trade in resolving disputes.

The opinion further stated that the proposed dispute settlement mechanism would provide additional protection for Canada against US trade laws by the general applications that are intended to effect US trade with other countries.

On November 25 of this year, the Business Council on National Issues released a legal opinion prepared for them by Fasken and Calvin, a law firm here in Toronto. They had asked Fasken and Calvin to review the dispute settlement mechanism proposed by the free trade agreement and to provide an opinion as to whether the proposed dispute settlement mechanisms were consistent with applicable international law, represented an improvement over existing bilateral agreements in the trade area and were consistent with the best model and dispute settlement provisions of multilateral and bilateral trade arrangements and understandings among sovereign states.

The conclusions of the Fasken and Calvin opinion refute the conclusions of the Black, Cassels and Graydon opinion prepared by the Liberal government and endorsed by the minister. Fasken and Calvin concluded that the dispute settlement mechanisms involved in this free trade agreement are consistent with applicable international law, that these dispute settlement mechanisms in this agreement represent a major improvement over existing Canada-US bilateral agreements, arrangements and understandings in the trade area.

The opinion said that this dispute settlement mechanism was not only consistent with but represented a significant improvement on existing dispute settlement provisions of multilateral and bilateral trade agreements, arrangements and understandings among other sovereign states.

The Blake, Cassels opinion prepared for you, the Ontario government, failed to analyse the free trade agreement in its proper context, as an international agreement between two sovereign states. The Blake, Cassels opinion analysed and interpreted the dispute settlement mechanism provisions of the free trade agreement as though it were a domestic contract, not an international agreement between two sovereign states.

The fear that the United States would utilize its size and weight advantage against Canada in the free trade agreement I believe is unwarranted. Canada and the United States have entered into numerous bilateral agreements which have been implemented fairly.

The fact that under the terms of the free trade agreement each party would be exempted from legislative changes to any dumping and countervail laws, unless otherwise specified, is a very important additional feature of the free trade agreement and one not found even in the General Agreement on Tariffs and Trade.

The ability of the proposed binational panels to issue declaratory opinions on legislative changes I believe will have a chilling effect on the protectionist reactions that are present in the United States. Panel procedures would shorten considerably the usual length of domestic judicial review, both in the United States and Canada.

"The absence of direct private sector complaints will discourage private litigants in the United States from filing groundless complaints and will also save significant legal and related costs. The decisions of a panel, in the case of antidumping and countervail laws, shall be binding on the parties, that must act upon them." That is something that was confused in the Blake, Cassels report. I do not know whether that was done intentionally or not, but it certainly is suspicious.

"Under the free trade agreement, the right of a party to take retaliatory action of comparable effect is more focused than that permitted in GATT. The free trade agreement dispute settlement mechanisms are more comprehensive and effective than any currently in force anywhere in the world." That is from Fasken and Calvin. The Fasken and Calvin opinion tells the other side of the dispute mechanism story as far as I am concerned, the side of the story that your government would prefer the public to ignore.

As in the case of its studies on the impact the free trade agreement will have on employment in Ontario, I believe the government has at best told only half the story. Perhaps this is because, as I

believe, your government does not want to present a balanced position on all the facts. I think it would show your position on free trade and this free trade agreement for what it really is. I believe your position to be timid, ill-considered and shortsighted. I believe it is motivated more by short-term political opportunism than by a commitment to the long-term economic future of our province and our country.

There are many other matters I would like to talk about with regard to your ministry and the free trade agreement, but time is getting somewhat short. I would prefer to make some of those comments and questions as we go through this and get responses for each individual question.

I do find it odd, though, that within your government and within your statement one very key factor is missing. I think that your ministry and your government over the past three years has neglected this particular area; that is, the whole area of regulation of business.

#### 1740

I believe there are three things government can do for industry. First, it can provide the proper infrastructure for business to be able to come to a province, come to a town, and set up and carry out business. That means you need quality water, proper sewage, waste disposal and a proper transportation infrastructure in place. The second area I think is of extreme importance for any government to provide is the best education system that it is possible to produce. If you have good people, the best-trained people, then your province will be in good shape, regardless of all else.

The third area, which has more relevance to your ministry than the other two because of the nature of the structure of the government of Ontario, is with regard to regulation. While deregulation was a high priority in the early 1980s, it seems to have lost any kind of concern from your government. The federal government has made a distinct effort to cut down on regulation, to deregulate where it is possible. Your government has made every effort to increase regulation through a variety of pieces of legislation with little regard to the additional burden it is placing on our business community.

While we need to have regulation, and there is no question about it, we must continue to scrutinize that regulation to make certain that the old regulations go when the new ones come. Old regulations often become an unnecessary protection for businesses when they should be competing among themselves in our province. I have not heard of any particular programs within your



government to actively pursue this area with any vitality and with any profile. I urge the minister to take some heart in dealing with our businesses. They have now to deal with new pieces of legislation and labour laws. They have a number of other pieces of legislation coming on stream with regard to the control of various business sectors of our province, and therefore, I think there is even a greater need at this time to turn our heads back to looking at the regulation of our business community.

With those comments, Mr. Chairman, I will wrap up and I thank you for the opportunity to speak.

**The Vice-Chairman:** We have until six p.m. We did want to spend a couple of minutes talking about the subcommittee, so if the minister would like to give some preliminary response to the critics' remarks now, say for the next 10 minutes, and if it takes longer than that, we can complete those.

**Mr. Sterling:** He could just say—Mr. Morin-Strom and I—

**The Vice-Chairman:** I noted that he was putting down copious notes.

**Hon. Mr. Kwinter:** What I was going to do was respond to all your concerns. There is no way I can do it in 10 minutes.

**The Vice-Chairman:** I was not suggesting that.

**Hon. Mr. Kwinter:** I do not know how much time you need for your subcommittee business. You have a motion you want to discuss. I was going to suggest it may be more practical to wait and then do it so that we do not get off on one tangent. I could spend literally 10 minutes addressing one of your concerns.

**The Vice-Chairman:** I suggest you start and we will close it off at five to six, and then we can complete the remarks of the minister in response at our next session. As indicated, we only have seven and a half hours total, which would mean, after today's session, we would have approximately five hours and 15 minutes.

**Hon. Mr. Kwinter:** Then what I would like to do, if we have the opportunity, is rather than talk specifically about things that were brought up to set the stage for one of the areas that I have discerned, from what you have been talking about, seems to be of great interest, and that is the area of free trade. I would like to at least give you some of the background so you will know where we are and why we have taken the position we have. Then when we get into the meat of it, I can address specific aspects of it.

Contrary to what the representative of the third party seems to believe, that this government has bias against free trade and is doing whatever it can to sort of enforce or support that particular bias, I think it is important that you realize that the debate taking place in Ontario and in Canada—I was going to say in the United States but there is no great debate taking place in the United States. Free trade is at the top of the public agenda in Canada; it is not even on the public agenda in the United States. It is certainly something the government is involved in, but can tell you that if you went to Times Square and stopped the first 500 people and asked them "What can you tell me about free trade between the United States and Canada?" most of them would ask, "What is Canada?"

Notwithstanding that, we have a situation where we have two totally different perceptions. The Americans have no perception and the Canadians think this is, as Mr. Morin-Strom said, one of the most significant events in the history of this country. So where we are in the case of free trade—and I think it is important to know—Ontario is the largest single customer of the United States and it is our largest customer. Anything that would enhance that relationship would be desired. So we did not go into this with any bias, saying: "Do not confuse us with the fact that our mind is made up. If it is free trade, we do not want to be part of it."

The reason I stay away from saying, "We are in support of free trade," is because this is not free trade. It is a bilateral trade agreement between two countries and it has nothing to do with free trade. There are too many restrictions, too many exclusions, too many caveats. It is not a free trade agreement; it is a bilateral trade agreement.

We have said, "Yes, we will support an initiative that will reduce tariffs, reduce nontariff barriers, that will make it easier for us, as the potentially chief benefactor, to access the United States even to a greater extent than we do now." Having said that, the Premier said, "We will support it provided certain conditions are met." During the campaign, he outlined his, as you referred to it, famous six conditions.

Just so you will know, when we went to Ottawa on October 5 to see the final document that had been negotiated, we had no reason to say we would not support it. I can tell you from a political point of view that if it was a good deal we would have come out of there and said, "Not only will we support it, but we were the ones who were instrumental in making sure that the third

as passed." We would be going around bumpeting this deal as a great benefit to Ontario and that we were a key player and were one of the initiators of this deal. We had no reason to say, "We are opposed to it."

**Mr. Sterling:** Ninety-five seats.

**Hon. Mr. Kwinter:** We had sent our experts. We had sent the deputy and the people in our ministry down. We had our consultants, our lawyers, our economists, our accountants and our trade negotiators down there analysing the agreement. When we arrived in Ottawa, the Premier and the people who accompanied him sat down and we spent hours before he went in to the general meeting with the Prime Minister and the other premiers, saying: "You are the experts. Tell us. Have we got a good deal? Have we got a bad deal? Who are the winners? Who are the losers? What do we get? What do we give?"

We sat down and we went through every line of the elements of the deal. There is no question at someone would say: "In this section, it is a good deal. Red meat farmers, we think, are going to be a beneficiary. The petrochemical industry is going to be a beneficiary. Some sectors of the service industry are going to be beneficiaries. But here are the losers. We think the auto pact has been gutted." We have lots of problems in some of these other areas, and areas that we had been told initially were not even going to be on the table. Energy and the auto pact were included.

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After a physically and mentally exhaustive analysis of that document, we said, "Is this a document that we can support or is it a document that we have to reject?" There was no political bias. If it were a good deal, we would have supported it. Why not? We would have been the chief beneficiary. We have the industrial infrastructure; we have the economic centre of this country. If it were a good deal, we would be the first to benefit. When it was finished, when we did our total analysis, the consensus was not that it was so so, marginally bad; it was: "It is a lousy deal."

At that point the Premier said: "Fine. Tell me what your concerns are. Maybe when I go into another forum with my colleagues the other first ministers and with the Prime Minister, I will get a different interpretation. Maybe it is not as bad as you think it is. Give me this material and we will win." He went into the meeting and we sat around for another—I do not know how many hours but lots of hours, I can tell you.

The Premier had called me and said, "We are going to Ottawa and we are coming back

tonight." I came home two days later. It was that kind of situation. But when he came out he did not say: "You guys are wrong. This is not as bad as you think it is." He said: "It is worse than you told me. It is a lousy deal." It was on that basis that he had to make the determination that it is not a good deal for Ontario and it is not a good deal for Canada.

What we will do, hopefully, when we get into the discussion, if you want to explore the elements of the deal, if you want to explore the dispute settlement mechanism, if you want to dispute any of these other things, I will tell you chapter and verse why we think it is a bad deal. I think it is important that you know, because you asked the question about what groups we have seen, what elements, what industries have talked to us, who are the winners, who are the losers. "Where are the winners? All you have been telling us is your side of the story." There is no "our side of the story." There is just the story.

I want to give you a couple of examples. In all the groups that have appeared before our subcommittee—it is like the parable in the Bible, where someone was saying, "I want to find the honest man." All I want to do is have one person come to my committee and say: "Mr. Kwinter, you are wrong. As soon as we get this deal, we are going to build this plant, we are going to hire people and we are going to boom."

Instead, what did we get? We heard from the Association of Canadian Distillers which came and said: "We support the deal. We think it is terrific." I said to them: "Tell me why. I am anxious to know. That is the purpose of this thing. Although we have said to you we have looked at the deal and we think it is a bad deal—and we are not asking you to change our minds because we have made that determination, we are anxious to at least get a balanced approach—tell us how you are going to be a winner."

So what did we get? I asked, "How much business do you do in the United States now?" They said, "We do \$400 million a year in Canadian whisky." I asked, "Is there any impediment to your entering the United States?" They said, "Except in the area of rum, and only particular kinds of rum, there is no impediment at all."

One of the questions I asked them was, "If you are only selling \$400 million now, why are you not selling \$500 million or \$600 million?" They said: "Because we have competitors. We have American people in the business and other people around the world and that is the share that we



have been able to get. You should know that we have the largest-selling whisky in the United States. Seagram's 7 Crown is the number one brand in the United States."

I asked, "With this free trade agreement, are you going to be able to sell any more?" They said, "Not one bottle." I asked, "What is the big deal?" They said, "The big deal is that we are afraid they may retaliate against us on some other things."

It is sort of a negative approval, which is valid. There is no question that it is a valid concern but it is not going to be the bonanza where suddenly they are going to get in there and they are going to say, "Wow, with this free trade agreement we are going to be able to really hum because we are going to be able to do all these things."

They are doing it now. Eighty per cent of all the trade in goods and services between Canada and the United States is tariff-free. There is no question and no doubt that anything that would reduce the remaining tariffs is highly desirable and that we should try to do it; and we have been doing it, reducing tariffs through the Kennedy round, the Tokyo round and the Uruguay round. There is no problem about that. But there is no bonanza and no benefit, other than what I call positive-negative; that is they will leave us alone.

I have addressed Mr. Morin-Strom in the House. He has asked me the question. One of the perceived winners is the steel industry. These are the guys who came forth and I thought: "Boy, I'm really going to hear it now, because they're going to tell me how great it's going to be for their industry and what they're going to do. They're going to go over and take over the US steel industry, because everybody touts the Canadian steel industry up in Algoma and Hamilton as being state-of-the-art and very competitive."

These guys are the ones who were targeted as being big winners, and I said to them: "All right, tell me what you do. What is your status now in the United States?" They said, "We have a gentleman's agreement, as opposed to a voluntary restraint agreement, that allows us to get three and a half per cent." Every time I hear the story I get a different figure. Some people say they are below that, but they are certainly not above the three and a half per cent. The only time they got above it was during the strike when they went up to around seven.

I asked, "What are you trying to achieve?" They said: "First of all, we don't want voluntary restraint again, because that pegs us at a fixed number and we're finished; that is the number.

At least with this gentleman's agreement, if there is another problem with the strike, we can fluctuate."

I asked, "Aren't you going to try to get more? Why should you settle for three and a half per cent of the market?" They said: "Number one, we don't have any capacity to do any more than that. We don't want any more than that. But we are quite content. If the market grows, our share will grow, because we have three and a half per cent so if we have a bigger market we will have three and a half per cent of a bigger market. If the market stays static, we're fixed and if it goes down, we will have less."

I said, "Well, you're supposed to be a winner. What is it going to do for you? Is it going to increase your business?" They said: "Not at all, but we want to be assured that we keep that three and a half per cent."

**Mr. Sterling:** There is a big threat to it, too.

**Hon. Mr. Kwinter:** So what we have is a situation where, again, this is supposed to be a winner, and all they are doing is trying to maintain the status quo.

One last group that I want to talk to you about is the combination textile-apparel industry. I met with the Apparel Manufacturers Association of Ontario this morning. This is a group, including the textile industry, that hailed the free trade agreement as a fabulous bonanza, until they had a chance to look at it. Now they say it is going to be an absolute disaster.

They were supposed to appear before a committee and publicly declare that this is going to destroy their industry. They were "bought off," and I use quotation marks because they were not bought off in the sense of money; they were told by the federal government: "Don't say anything. We're trying to work something out." I do not know. I keep hearing rumours that they would try to work something out in this free trade agreement. We have to wait until we see it.

They came in today to say that the quotas are being put on are going to destroy the textile industry. You keep hearing that and you keep looking at it. You look at Quebec and suddenly the agricultural sector is saying, "This is a lot of deal for us." They are making noises that they want to change.

We hear it throughout the country. We have not taken a predetermined bias to say: "Don't confuse us with the facts. No matter what you say to us, it's no good." We are saying, "Show us that it is good and we'll support it." We have not been able to be convinced.

**The Vice-Chairman:** Thank you. We will proceed with the estimates of the ministry after routine proceedings on Wednesday. For the last minute or so, could the members—I do not know whether you, Mr. Sterling, as the representative of your caucus, know who the representative would be on the—

**Mr. Sterling:** I have to report to the clerk, I guess. When are you going to have your meeting?

**The Vice-Chairman:** Once the House leader lays down the motion referring the mining incidents question to this committee, then it will be the responsibility of the committee to set an agenda for complying or dealing with that matter after the House adjourns. Hopefully, that

would be some time this week. We will have to have the subcommittee constituted to deal with that.

**Mr. Sterling:** Who are the members on our committee?

**The Vice-Chairman:** Margaret Marland and Doug Wiseman. It will be one of those two. Mr. McGuigan, has your caucus chosen its representative?

**Mr. McGuigan:** Yes, sure.

**The Vice-Chairman:** Okay, good. I will be our representative, along with the chairman. Thank you very much.

The committee adjourned at 6:01 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Also taking part:**

Morin-Strom, Karl E. (Sault Ste. Marie NDP)

Sterling, Norman W. (Carleton PC)

**Clerk:** Decker, Todd**Witness:****From the Ministry of Industry, Trade and Technology:**

Kwinter, Hon. Monte, Minister of Industry, Trade and Technology (Wilson Heights L)









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No. R-2

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Estimates, Ministry of Industry, Trade and Technology

**First Session, 34th Parliament**

Wednesday, December 9, 1987

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back together with a list of the members of the committee and other members and witnesses taking part.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 9, 1987

The committee met at 3:28 p.m. in committee room 1.

ESTIMATES, MINISTRY OF INDUSTRY,  
TRADE AND TECHNOLOGY  
(continued)

**Mr. Chairman:** I want to thank Mr. Wildman sitting in as chairman yesterday while I was juggling in debate with Mr. Nixon's gang in the other committee.

**Mr. Miller:** And he did a reasonably good

**Mr. Chairman:** He did.

**Mr. Wildman:** Thank you.

**Mr. Chairman:** It is my understanding that yesterday when you adjourned, the minister was responding to remarks by the two critics. Am I correct?

**Hon. Mr. Kwinter:** Yes.

**Mr. Chairman:** Do you have further remarks to make, Minister?

**Hon. Mr. Kwinter:** Yes, I do. I would like to thank the opposition critics for their responses on Monday. I appreciate the comments on the overall role of competitiveness in the Ontario economy and the need to secure our economic future.

To start off, I would like to respond in a general way to some of their comments. I was taking copious notes of all of the things they were saying. Rather than go through and respond to every one, I would like to respond in a general sense. Then maybe you could ask specific questions and we could go on from there.

To start off, I should note that the critics placed considerable emphasis on free trade. In the dying minutes of our hearings on Monday, I tried to set the stage for where this government was coming from and what our concerns were. Rather than try to deal with this complex issue at this time with a detailed response, I would prefer to deal with free trade over the course of the estimates process when you can ask me specific questions. I have no doubt that both parties are looking forward to an informed and vigorous discussion on this topic.

Both Dr. Morin-Strom and Mr. Sterling have raised a number of important issues considering the ministry's role in industrial strategy, regional

development and other areas. I would like to take this opportunity to address some of those concerns.

When it comes to industrial strategy, Dr. Morin-Strom commented at several points on the broad concept of an industrial strategy. In particular, I believe he touched on the need to build on strengths and the need to learn from international experience in industrial and labour market strategies. These points are well taken and, in fact, form a cornerstone of my ministry's activities. I would like to provide a couple of examples.

The building on strengths theme is a vital element of our program. We recognize that Ontario's basic industries—natural resources, secondary manufacturing, financial services and numerous others—represent the core strengths of our economy. Ontario's basic industries also provide the high wages and highly skilled jobs which form the backbone of our standard of living.

Our policy and program initiatives aimed at market development, investment promotion and technology transfer have a direct impact on these basic industries. For example, the bulk of funding by the development corporations is directed at improving the competitive position of existing firms through new investment and technology. This translates directly into more secure and better jobs. Ontario's basic industries and workers also draw on the training and labour market adjustment programs offered by the ministries of Skills Development and Labour.

Our government has also placed a high priority on looking beyond Canada and North America in the search for appropriate policy and program directions. The Premier's Council, of which I have the honour of being the vice-chairman, has been asked to conduct an assessment of the role of industrial policy in other nations. The result has been extensive review of international experience, drawing on the policies and programs of diverse nations, such as Germany, Japan, Sweden and several new industrializing nations.

Several of the new directions for the ministry that I outlined on Monday, notably the revitalization of the Ontario Development Corp. and our commitment to research and development, re-



flect the knowledge we are drawing from this international review. We spent a fair amount of time—certainly the critics did—talking about northern development and many of the questions and issues raised dealt with various aspects of regional development.

Dr. Morin-Strom stressed the need for further processing of natural resources and the development of additional export markets. Both of these areas are priorities for this government. I can point to a few examples of direct assistance in precisely this area.

We have recently assisted Grant Waferboard and St. Marys Paper mill in the introduction of new capacity and value-added processes in the forestry industry. Neelon Castings Ltd. of Sudbury has received assistance to expand operations in the auto parts field.

The Ministry of Industry, Trade and Technology offers a number of programs specifically tailored to the north. Northerners using the new ventures program benefit from more generous levels of assistance. The trade expansion fund offers export assistance to any market for northern firms, while in central Ontario assistance is limited to overseas markets.

The Northern Ontario Development Corp., northern Ontario regional development program and the Ontario Centre for Resource Machinery Technology all offer preferential access to capital.

The ministry has also directed consulting assistance on the north. In the current fiscal year, we will carry out 45 seminars in the north covering topics such as starting a small business, franchising, marketing and business ownership for women. On both a per business and per capita basis, we spend more in the north than in any other region.

The ministry has also sought to promote market diversification. Last spring, we led a mission of Ontario wood producers to Europe. The mission focused on both new market prospects and new technologies. The industry is supportive of our efforts and is reporting increased sales to overseas markets.

In terms of the St. Marys Paper mill project, I would like to assure the New Democratic Party that government assistance was vital to the success of that project. In fact, the guarantee provided by this ministry and the federal government was required to secure bank and mezzanine financing.

From a policy perspective, we are also working hard to move away from the commodity orientation of our primary producers and towards

new value-added activities in growth in the north. I can tell you quite honestly that the primary barriers we face in this area are those of market growth and the ability of the private sector to absorb new changes.

The government stands willing, through instruments such as the capital projects unit and Northern Ontario Development Corp., to assist worthwhile initiatives towards upgraded resources processing and product and market diversification.

Now I would like to turn to eastern Ontario. My ministry's role in eastern Ontario was also noted during the critics' responses. I am familiar with the data on income distribution in the eastern area of Ontario cited by Mr. Sterling. In particular, the historic gap between incomes and economic growth between the Ottawa-Carleton region and other areas of eastern Ontario remains a major concern for the Ministry of Industry, Trade and Technology. We have placed considerable emphasis on the east. The creation of new small business centres and the appointment of an investment commissioner are two examples.

The opposition critics asked that we do more. I am pleased to point to two other recent initiatives. One is the budget announcement of the creation of a \$25-million community economic development fund for eastern Ontario. I am looking forward to providing the details of this program in the near future.

Second, I will also be announcing an eastern Ontario business advisory council. The council will provide us with valuable information and direction to support new, locally based growth throughout the east.

In the area of science and technology, Dr. Morin-Strom also touched on our role in this area. Overall government of Ontario spending in this area has risen from \$135 million to \$180 million. This is a substantial base and represents a major research effort. That research effort touches many areas of every-day life in Ontario including health, natural resources, energy and agriculture.

It should be noted that the figures above provide a growth rate of 23 per cent, and the per cent number is adjusted to correct for changes in survey methodology. It is well understood that all provinces spend less than the federal government on research and development. However, the broad benefits for research and the need for large-scale efforts point to the need for federal leadership. Ontario's policy thrust is aimed at rekindling federal leadership and reversing

nt reductions in spending and capabilities at the tional level.

The location of the centres of excellence, which is something that was touched on, is something on which I would like to comment. The site selections for the centres was carried out by an independent advisory panel and based on the scientific and economic merits of the various proposals. This is an example of our belief in building on strengths and was not subject to regional considerations. However, I do agree that a similar initiative aimed at northern source industries could yield substantial benefits.

In closing, I would like to comment on the small business advocate. This was raised by both critics and dealt with the regulation of business. The small business advocate plays a vital role in the government in reviewing the impact of new legislation and regulation on small business. The result is a more effective regulatory process and better support for and more input from the private sector. The expenses of the small business committee are paid for by the ministry and total approximately \$72,000 in 1987-88. The small business committee has also been responsible for the creation and monitoring of the new ventures program. This highly successful initiative has spurred new investment and job creation throughout the province.

**Mr. Chairman:** Do the members wish to respond to the minister's comments or do you wish to get right into vote 1901? Do I move right to 1901, which is the head office vote and proceed with your responses to that?

**Mr. Sterling:** I asked for some documents in relation to the free trade consultations that had taken place with industries and asked which industries had been consulted and what the response of those industries was. I think you said there were 30 or 40 in your opening remarks. I was looking for those documents today.

**Hon. Mr. Kwinter:** I am sure you know that a cabinet subcommittee which I chaired travelled the province and we have had over 100 submissions. We have had many hundreds of telephone calls and we are providing a report that we hope to table in the Legislature with appendices next week. It is in the process of being prepared. When that is finished, every member of the Legislature will have access to it.

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**Mr. Sterling:** I do not believe those were the consultations you were referring to in your opening remarks, were they?

**Hon. Mr. Kwinter:** I think they were. We were talking about what we were doing in the way of consulting with industries. We had many delegations to us from various industry associations, unions and private industries. It seemed to me that was what you were asking for.

**Mr. Sterling:** I believe that somewhere in your remarks on free trade, you said: "In addition, the Ministry of Industry, Trade and Technology has met with 30 manufacturers' associations. These associations represent 40 industries which account for 80 per cent of Ontario-US trade." Were those all public presentations or were you talking about other meetings.

**Hon. Mr. Kwinter:** No. I am sorry. I thought you were asking about our public presentation.

Again, this was a public document. This is a document called Sectoral and Regional Sensitivity of Ontario Manufacturing Industries to Tariff Reduction. If you have a copy of the document—if not, we can provide it to you—on page 87, it lists the various associations we had consulted with prior to our subcommittee going out. Is that the material you are looking for?

**Mr. Sterling:** Yes. That is what I want.

**Hon. Mr. Kwinter:** All right.

**Mr. Sterling:** I want a report of those meetings and whom you were meeting with.

**Mr. Pope:** And the documents.

**Hon. Mr. Kwinter:** Is that something that we have?

**Mr. Lavelle:** Those meetings were private meetings between industry and trade associations with officials of the ministry. In some cases, there were documents that they provided, but not necessarily in every instance was there a document. These were informal meetings that took place on a private basis on the matter of the free trade agreement.

**Mr. Sterling:** If you read Bill 34, your famous freedom of information act, you will find there is no such thing in terms of these kinds of meetings any more as of January 1. Now that this debate is extremely important to the people of Ontario, we want to know where you drew your conclusions from in that particular report, because we find it very suspect. That is the reason for my question. Are you saying you will not provide those to me?

**Mr. Lavelle:** I would have to go back and check what kind of guidelines were established with respect to the meetings that took place. These were meetings that were arranged and organized by the ministry with the private sector groups to gauge their particular concerns or



interests or proposals with respect to free trade that then were submitted and put into a report. I would have to go back and see, for sure, what the guidelines were under which those meetings took place. It may well have been that they were based on the assumption that the meeting was private, but that is something we can check on.

**Mr. Sterling:** Maybe you do not understand me. It does not matter what your understanding was. You had better read Bill 34 in terms of your responsibilities to divulge those particular documents and what was discussed at that meeting. I would like to have those now, particularly before we have our next meeting with regard to estimates, so that I can ask you about those submissions. That means I would like them before tomorrow.

**Mr. Chairman:** Mr. Pope, do you have a supplementary?

**Mr. Pope:** They have not answered his question yet, but then I have a supplementary.

**Mr. Chairman:** The request is quite clear as to whether you can provide Mr. Sterling or the committee with copies of those notes.

**Mr. Sterling:** Will you provide me with an answer to whether or not you are going to provide them tomorrow? Is that correct?

**Mr. Lavelle:** Yes. I do not want to indicate that there is a big problem here. I think it is a matter of just going back and seeing what the guidelines were and if there were any reports tabled or submitted at those meetings. There may well not have been, though there may have been in some cases. We can check into that.

**Mr. Sterling:** If a report was drafted as a result of those meetings, some notes must have been taken about what was said in those meetings, and I would like to see those notes.

**Mr. Pope:** This is déjà vu as far as I am concerned. We went through this same exercise in the estimates of this ministry last year with respect to softwood lumber and your ministry had the same attitude last year. It was not until we got from other sources a copy of Mary Mogford's letter of September 26, 1986, that we were able to determine exactly what you guys did on the softwood lumber issue. We were stonewalled in the Legislature by your minister of the day when he refused to co-operate in producing documents.

You are adopting the same attitude this year that you did last year with respect to the most important economic issue that this country faces. Ontario has taken a leadership position, or has not taken a leadership position, depending on the

point of view, on an important issue that the government has involved itself in and sought part of its mandate from the people in August and September of this year.

You are now saying that your notes, your working papers, the submissions made to you that led you to make the decisions you made to present the positions you did over the course of the past six to eight months are not to be made available to us, that instead we are going to have to rely upon a report that will pick and choose with respect to points of view and information.

I cannot accept it because, quite frankly, your track record on softwood lumber shows that the Premier (Mr. Peterson) said one thing to the *Globe and Mail* on October 20, 1986, and you had signed quite a different thing on September 26, 1986, and 500 jobs in northern Ontario were impacted by the words of your predecessor. In this committee, we could not get any specific information about what you fellows had done.

**Hon. Mr. Kwinter:** In all kindness, I think this is a bit of a red herring. We have a situation where the member is trying to say that the meetings that took place caused the government to take a position. On the basis of that, he would like to know what it was that they said that caused this government to take that position. Have I paraphrased what you are trying to say?

**Mr. Pope:** No.

**Hon. Mr. Kwinter:** What are you trying to say?

**Mr. Pope:** That you have a bunch of information at your disposal that you had access to when you were making these decisions whether you relied upon it or not in making the decisions. It is an important issue and, therefore, we feel we are entitled to look at the documents.

**Hon. Mr. Kwinter:** This is why I say it is a red herring. Just so you will understand what our position is, we went into the election campaign and until October 4, with a statement that we have no problem with any freer trade, enhanced trade, liberalized trade movement with—

**Mr. Pope:** That is not what you said.

**Hon. Mr. Kwinter:** Just wait a minute.

**Mr. Pope:** No.

**Hon. Mr. Kwinter:** Absolutely. Why do you not let me finish? We said we had no problem with that concept, provided certain conditions were met, and the Premier outlined those positions. He did not say: "Don't confuse me with the facts. My mind is made up. We will not accept the free trade agreement." Why would he put the conditions in, if he had said that? What



id is: "Yes, we will look at an arrangement. We  
e prepared to support it, if these conditions are  
et."

Once we saw the agreement on October 4 and  
it was his determination and the determination  
this government that those conditions had not  
en met, so it does not make any difference  
at went on prior to it. All this material that you  
e talking about existed prior to the release of the  
e trade agreement. It was on that basis, and on  
at basis solely, that the Premier determined that  
s preconditions had not been met, and that is  
ny he is not prepared to support.

That is a totally different position than was  
ken by the Conservative Party, which said:  
Don't confuse us with the agreement. We are  
pporting free trade. We supported it before the  
reement, we supported it after the agreement  
d we continue to support it." This is the  
osition of the interim leader of the Conservative  
arty. That is not our position and has not been  
ur position.

**Mr. Pope:** You can wax eloquent in your  
terpretation of history, and so can I. The fact of  
e matter is that Mr. Sterling at the last meeting  
ked for the production of documents. We are  
w being told that you never even reviewed his  
quest; that is obvious from your deputy  
inister's comments. He has made a request for  
uments which are in your possession.

Whether you think they are relevant is  
elevant to us. We are entitled to look at  
uments that have been provided to your  
inistry or to you as Minister of Industry, Trade  
d Technology with respect to free trade with  
e United States and your leadup to the  
cussions on a federal-provincial basis with the  
deral government on the free trade agreement.

Mr. Sterling asked for those documents. You  
ay not think they are relevant, but we are  
titled to look at them anyway because they  
ve been provided to your ministry as a ministry  
this government. That is what we are  
questing, and that is what Mr. Sterling asked  
r last time.

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**Hon. Mr. Kwinter:** I am not in any way  
bating whether you should have access to those  
uments, if they are available and on the terms  
nder which those documents were provided. All  
am saying, and I apologize, is that I assumed  
at what the member wanted to know was the  
aterial that we had gleaned while we were out  
ping around the province, listening to various  
sociations, trade groups and industries as to  
eir position on free trade. That was the material

I said would be available to every member of the  
House next week.

I have no problem. We will look into this area,  
but I wanted to correct the impression that the  
member tried to give that the decisions we took  
were based on that information. I am saying they  
were not. The decision we took was based on the  
final document as presented to us on October 4  
and 5.

**Mr. Sterling:** On this point, first of all, I was  
reading your speech notes and going through  
them point by point on the free trade area, when I  
asked for those particular documents. I accept  
your explanation that you did not understand, but  
I would have thought somebody in this room, one  
of your officials, would have understood what I  
was asking for because I was reading from page  
41 where it in fact talks about this.

Second, notwithstanding your reasons or your  
position on what happened over the last two  
months, as to what made you take the decision or  
not, you have used these particular submissions,  
which we have not had the privilege of seeing, to  
justify your position, saying that 400,000 jobs  
are in jeopardy or are at risk or whatever.

Your argument as to whether it had any  
bearing on your decision after October 5 has no  
relevance, as far as I am concerned. The  
relevance is that the Ontario government has  
used that to justify a position that you have now  
taken. That report was only produced by you two  
or three weeks ago. The documents are impor-  
tant.

**Mr. Chairman:** There has been an undertak-  
ing by the minister and the deputy to try to  
provide that to you before tomorrow's meeting,  
which I gather was your request.

**Mr. Wildman:** I must say that I find the  
minister's attempt to remake history really  
incredible. His description of what the Liberal  
Party and the Premier of this province said in the  
election campaign is hardly what I heard or most  
of the people in this province heard during the  
election campaign. I wrote down, as the minister  
said, what he and his leader were saying in the  
election campaign. He says today that the  
Liberals said: "There is no problem with free  
trade. Yes, we will look at an agreement or an  
arrangement."

I remember very clearly, as do all members of  
this committee, what in fact was said by the  
Liberals in the election campaign. They said,  
"There will be no deal unless." You put it in a  
very positive sense in dealing with an arrange-  
ment on free trade when the Liberal Party and the  
leader of the Liberal Party characterized it in a

very negative way throughout the campaign. The Premier said that his bottom line was that there would be no deal, particularly if the auto pact was gutted.

Now we find, and I guess your description today is further evidence of the fact, that the Liberal Party has a movable bottom line and that the bottom line is adaptable. In fact, the impression was left by the Liberal Party throughout the campaign that Premier Peterson was against a deal—not that he was in favour of a deal, but rather that he was against a deal—and he had six conditions which he believed would not be met and could not be met and therefore there would be no deal.

The minister has indicated that the documents that have been requested by the critic for the Conservative Party made no difference in the decision taken by the government with regard to this deal. The minister says that the decision was based on the final document. I find that also to be incredible. Surely, before any government, no matter what its predisposition on the deal, could make a decision, it would have to have some analysis of what impact such a deal, or this particular deal, would have on employment and on industry in the province.

To look at the final document and somehow, in a vacuum, decide that this final document was a poor deal is crazy and silly. The fact is that you decided that 400,000 jobs were in jeopardy. Surely that decision was based not only on analysis from within the ministry, but also on what the industry had told you. If it was not, then it is ridiculous for you to have made a decision.

I agree emphatically with my colleague from eastern Ontario that we have a right as a committee, as do all members of the House, to have the documentation we need from you, the analysis and the information provided to the ministry from the industry, upon which you made the decision that you oppose this particular deal and that a number of jobs were in jeopardy.

**Mr. Chairman:** If the minister wants to respond and if he gives an unprovocative answer, then probably we will be able to get on with the first page.

**Hon. Mr. Kwinter:** I cannot guarantee that I will give an unprovocative answer, but I can guarantee I will give you an answer.

We have a bit of a semantic problem, a bit of posturing.

**Mr. Wildman:** Not that you had that during the campaign.

**Hon. Mr. Kwinter:** That is fair comment. What we are saying is that the Premier said there

would be no deal “unless,” but that if the unlessees were met, there would have been a deal. You are saying he established conditions that could not possibly be met. Let me tell you what those conditions were.

Interjection.

**Hon. Mr. Kwinter:** OK, so you are putting your party's cast on the situation, but you keep saying there will be no deal “unless.” That implies that if the condition is met, there will be a deal. You have to admit that, surely.

**Mr. Wildman:** All I want to know from you is, if the condition is not met, will there be no deal, as he said?

**Hon. Mr. Kwinter:** We have said from day one of October 5, when we saw the deal, that we are not prepared to support this deal.

**Mr. Wildman:** That is not what the Premier said in the election campaign. He said, “There will be no deal” which is very different from saying, “We will not support this deal.” It is a very different statement.

**Hon. Mr. Kwinter:** I think we have responded to that section.

**Mr. Chairman:** Let us move on to the first vote, which is 1901. This deals with the minister's administration program. Any comments or questions on vote 1901?

**Mr. Pope:** I have a couple of questions that relate to the minister's office and the minister's decisions. First of all, in your statement, Minister, you indicated that for too long Queen's Park solutions were being applied to northern Ontario and you point in your statement to the northern industry division. Can you tell me what new generic solutions this division has come up with?

**Hon. Mr. Kwinter:** At our last session, I was asked to bring along the new officials, so that you could question them on those things. Can we do that now? We can have them answer your questions on the north, and they can respond to all of those things.

**Mr. Lavelle:** The administrator in the north is Mr. McClure. Do you want to come forward to the table? Mr. McClure is assistant deputy minister of northern industry.

**Mr. Chairman:** Welcome to the committee, Mr. McClure.

**Mr. Pope:** I wonder if you could indicate any new generic solutions that are different from those Queen's Park solutions that have been for too long applied to northern Ontario. What new



nds of programs or solutions has the northern industry division come up with?

**Mr. McClure:** As you know, Mr. Pope, we've been in operation for a year now, since last December. We have worked very closely with specific companies in the north to help them with modernization plans. I can give you examples.

**Mr. Pope:** I do not think you are answering his question, quite frankly. You are trying to be helpful, and I appreciate that. I am talking about decisions that the minister has made. I know you've helped specific industries and you are working hard at it and I am not really asking those kinds of questions.

I am really asking the minister, since you've looked at Queen's Park solutions too long, if anything applied in the north—and I suggest to you that it is a comment on previous administrations and that is fine—what kind of new generic solutions your ministry has applied to the north that are different from these so-called Queen's Park solutions.

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Do not tell me it is modernization of industry. We did that in the pulp and paper industry. We did that in the sawmill industry. Do not talk to me about aeromagnetic exploration. We started that in 1981 under the Board of Industrial Leadership and Development. What new solutions are you applying through your northern industry division?

**Mr. McClure:** I know you are not interested in specific cases but I think the statement has been made many times during the past year that the solutions to the problems in the north lie in the north. That is part of the consultation process that we have with northern businesses. Specific cases do come up, of course, when you deal with northern business people.

As you know, we have started new programs in the north, the new ventures program, which allows northern new ventures access to capital at favourable rates, much more favourable than in the south. We have the trade expansion fund, which, again, looks favourably upon northern ventures. We have initiated seminars on business ownership for women. We have created those seminars in the north. There are specific cases and there are things that were not done before.

**Mr. Pope:** Since, unfortunately, you are going to be the spokesman for this, you are not saying that there has never been government financing programs or government programs that helped northern businesses get access to capital, are you?

**Mr. McClure:** Certainly not, but I think that—

**Mr. Pope:** And you are not saying that there were not government financing programs or government programs to help new businesses get access to capital, are you?

**Mr. McClure:** No, I am not saying that at all.

**Mr. Pope:** Okay, that takes care of the ventures program.

**Mr. McClure:** No, it does not.

**Mr. Pope:** I am sorry. I have read the ventures program as well and I know how it is operated in the north. The ventures program contains the elements of previous government programs for financing of business operations in northern Ontario. Is that not true?

**Mr. McClure:** Sure.

**Mr. Pope:** OK. What about trade expansion? You are not saying that northern Ontario businesses never had access to government funding to improve trade relationships on an export basis, are you?

**Mr. McClure:** Not at all. We have consulted with them to see what additional programs they needed.

**Mr. Pope:** But that is not a new program. Was there not always export enhancement fund access for new businesses in this province and were not northern Ontario businesses qualified for them?

**Mr. McClure:** We have expanded the mandate.

**Mr. Pope:** But, it is not a new program.

**Mr. McClure:** It is an expansion of it. It is geared to the north specifically.

**Mr. Lavelle:** I wonder, Mr. Pope, if I might just try to expand on a few of the things we have been trying to do for the north, just to talk a bit about the essence of the government having created the idea of an assistant deputy minister of northern industry.

It was not so much, as somebody has pointed out, that we were going to take the resources of the ministry and move them to the north. It was the fact that, in the operations of the ministry, the concerns and the programs that we ran as a ministry at the bureaucratic level were not taking into account, as they should have, both the opportunities and the aspirations of the northerners to participate in those programs.

What we have done with the appointment of Mr. McClure as the ADM of northern industry has been to provide a way in which the north has a direct route into some of the processes of the ministry and to ensure that when we are talking



about programs or policies, the dimension of the north is very well considered.

In terms of the specifics of those programs, I think they are quite numerous. One, we started off a year or so ago, as I recall, with a northern conference, in which there was a focus on economic activity and development in northern Ontario. Two, when the government introduced the new ventures program, there was an element under which the northern and eastern parts of the province were able to take advantage of that program more easily than they could in southwestern Ontario.

We have also introduced the export success fund, which was changed to the trade expansion fund, in which two elements were changed: that the northerners and easterners had greater access to the program; and for the first time a provision was made in the program that northerners exporting to southern Ontario could get assistance under this program. This was a new feature which had not been there before.

In terms of the figures, although I do not have the specifics, we have increased the lending under the Northern Ontario Development Corp. We have opened additional offices in northern Ontario. We have provided for more resources in both French and English throughout the north. Mr. McClure has participated very actively in some of the restructuring programs that have come under the capital projects division and, under the NODC, we have seen the creation of any number of jobs under those various programs.

On top of that, there has been an announcement of the heritage fund, which is another indication of the support that the ministry and the government have been trying to orient towards the north. So it is not so much the transfer of the ministry to northern Ontario that is significant as the fact that in every decision we take and every recommendation we make, Mr. McClure has been deeply involved as a member of the management committee.

I would just make one other point which I think is important. The establishment of an office of the assistant deputy minister in the Sault Ste. Marie area is a move that was quickly followed by the federal government, which set up a similar organization in the community of Sault Ste. Marie to do in some respects essentially what we have already begun to do.

**Mr. Pope:** Is it fair to categorize it, then, by saying that you feel you have improved existing programs vis-à-vis northern Ontario?

**Mr. Lavelle:** I think it is fair to say that what we have done is that we have followed directions of the government to improve accessibility both to deliver programs and to accelerate programs in northern Ontario and, indeed, ensure that the considerations and the concern the north are taken into account in the decisions we make in the government and in the ministry.

**Mr. Pope:** So will you answer my very first question, which led to this 10-minute aside? Are there any new generic kinds of solutions or programs being offered to northern Ontario business?

**Mr. Lavelle:** I think the answer to your question is yes.

**Mr. Pope:** Which ones are those?

**Mr. Lavelle:** I mentioned the program having to do with the trade expansion fund; I think that is a generic program to northern Ontario. I mentioned the fact that the new ventures program, which was oriented towards providing equal access for northerners and easterners, had a northern orientation. When the government announced recently the creation of the centres of excellence, I believe there were two for northern Ontario.

Additional lending, which has been a policy of the government in northern Ontario, I would have to put in the category as having recognized what you refer to as increased activity or new programs in northern Ontario. The lending activities and the kinds of investments that have been funded by the ministry in the north, I would have to say are new. They are not restructuring existing situations.

**Mr. Pope:** I guess we will continue to disagree. I have just one final comment.

**Mr. Morin-Strom:** Can I just have a supplementary question on the matter you have brought up?

**Mr. Pope:** Sure.

**Mr. Morin-Strom:** You have mentioned a specific example here of the centres of excellence. In fact, we have the list of the centres of excellence in the minister's statement from Monday. I brought it up at that point. I reiterated that \$200 million has been committed to several centres of excellence over a period of time, and we have a list here of all the universities that are involved in these centres. There are about 15 of them, and exactly zero of them are in northern Ontario. There is no involvement of any northern university in any of those centres of excellence.

This brings me to the point brought up earlier by the minister: that on a per capita basis

north is getting more than the rest of the province. I would like the minister to substantiate his earlier comment that, in fact, with the figures on the total spending or commitment in the estimates here, the north is getting a fair proportion. I do not know to what program that funding is giving the north access, even close to a proportional share of what it should be getting.

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**Hon. Mr. Kwinter:** If I can respond, actually the deputy made a slip. He did not mean centres of excellence, he meant the centres of entrepreneurship.

**Mr. Morin-Strom:** How much money is involved in the centres of entrepreneurship compared to \$200 million in the centres of excellence? What is the figure on the centres of entrepreneurship?

**Mr. Lavelle:** About \$5 million over a series of—

**Mr. Morin-Strom:** We got a share of \$5 million; we got zero when it comes to \$200 million.

**Hon. Mr. Kwinter:** What I wanted to do was to respond specifically to the centres of excellence, because you asked that the other day.

You have to understand the criteria. It was not meant that they would say, "We will divide up the province into regions, and there will be a centre of excellence in the north, one in the east and one in the west." It was not done that way at all.

We set up criteria as to where we wanted leading-edge technology that could be developed by companies, that had some sort of base to begin with, in conjunction with universities so that we could really develop new, state-of-the-art technology and then have that technology transferred. We asked consortia—and we set out the ground rules; they had to be in conjunction with universities, with companies—to present their projects to an independent scientific body that would evaluate them. They were evaluated on their technological capability; on whether or not, in fact, it was leading-edge technology, and on what the prospects were for technology transfer.

We have selected seven; we are working on more. It is possible they could have all come from Toronto because, in the opinion of this group, they were the ones that had the greatest viability and chance for doing this kind of project; or they could have all come from Sault Ste. Marie. It just happened that they came from where they came from, and it has nothing to do with where they are. Those were not the criteria.

There were no criteria saying, "We gave one to Toronto; we had better give one out in Thunder Bay." The basis was: Does it meet our criterion to provide leading-edge technology in areas where we felt it could be utilized in improving the competitive stature of the province?

**Mr. Morin-Strom:** So, in effect, the decision that none of them went to the north is not the responsibility of this independent committee at all. The responsibility is on those people who defined the criteria, those being yourself and the Premier (Mr. Peterson), and the government set up criteria which were clearly discriminatory against northern Ontario or areas that did not have strong research bases in the first place, because you established that as a criterion.

It was pointed out, not to yourself but to the former minister last year, that the criteria were totally flawed in terms of fairness. As a result of those criteria, they have all gone to areas of the province that are already benefiting from much stronger universities and much stronger research facilities than areas such as northern Ontario, which in fact could probably have benefited to a greater extent in terms of encouraging some new industry and development occurring in that area. So it is completely your responsibility that we got nothing.

**Hon. Mr. Kwinter:** But that was not the thrust of the program.

**Mr. Morin-Strom:** I know. That is right. Your thrust was to give nothing to the north. It was your thrust.

**Hon. Mr. Kwinter:** It had nothing to do with the north.

**Mr. Pope:** I support my friend from Sault Ste. Marie's position, and rather than engage in a long debate, maybe I can offer a couple of suggestions on why I think you were wrong.

I think it is clear that the forest products industry has a long-term competitive problem vis-à-vis the southern United States. I think it is clear that there has to be a lot of money put into genetic manipulation and development. I think it is also clear that there is a need for new equipment and new technology which will allow reforestation using machinery that is adapted to the problems of the terrain of northern Ontario and the cutting practices in northern Ontario. There is a need for this kind of equipment. It would urgently redress any gaps in the reforestation program. It would cut down on the costs of reforestation to the companies. There are lots of alternatives that are urgently needed by the resource industry.



Your program, whatever the criteria may have been, whoever made the decision—and we can argue that—your program is not addressing it and, with respect, there is nothing in here that is new. You can say it is new all you want. It may have a new name. There has not been a dollar yet paid out of the heritage fund. Some new program that is. Not a dollar. The northern development councils have no idea what the criteria are and no idea what the philosophy is yet, and they have not had that kind of information from this government. So you can create all the names you want. You can tinker with financing criteria or market access criteria all you want. That is nothing new. All provincial governments are doing that. There is no new generic solution there for northern Ontario at all.

Export enhancement funds have existed for years and years in this province under different names. Yes, you may feel that northerners could get more access to it if we paid more attention, and that is what Mr. McClure is working hard at; I will admit that. But the type of program it is has not changed. Maybe the attention paid to northern Ontario businesses through Mr. McClure's work has, but the type has not, and that is what I am saying.

So to say in the minister's opening statement that for too long there have been Queen's Park solutions, when really you have not had any new kinds of solutions, has not changed a thing. That gives you your argument that you are paying more attention and that you have Mr. McClure up there working harder on a business-by-business basis with these people.

You go through your list of industries that you have helped and there is nothing new there. The names of the businesses may be new, but the kind of help you have given them is not new. The reasons you gave it are not new. We went through all of this in terms of modernization of the forest products industry in 1978, when we negotiated a federal-provincial modernization package with the federal government.

That is why the member for Sault Ste. Marie (Mr. Morin-Strom) is raising these issues, because you are stuck. I am not saying I have any solutions of a new generic kind, but do not pretend that all of a sudden it is a whole new world in northern Ontario. There may be people like Mr. McClure running around trying to help businesses—they appreciate that help, and I have heard about his work—but there are no new kinds of programs. The heritage fund, if it is not going to be used, might as well go the way of the Alberta heritage fund.

Anyway, I do not know if you want to reply to that. I have a couple of other questions.

**Mr. Chairman:** Okay. A number of members are on the list. Do you want to—

**Mr. Pope:** Can I just quickly ask for information, and then I will give way?

Could I have the minutes and any documents provided at any meeting of the Continuing Committee on Trade Negotiations from its inception?

**Mr. Lavelle:** The relationship between the provinces and the federal government on the matter of the continuing committee was on the basis that those would be kept private and confidential.

**Mr. Pope:** Who asked for that?

**Mr. Lavelle:** That is a requirement of the federal government.

**Mr. Pope:** Who in the federal government asked for that? I have already pursued this.

**Mr. Lavelle:** Well, the initial Minister for International Trade was Mr. Kelleher, and he has been replaced, as you know, by Miss Carney.

**Mr. Pope:** Mr. Kelleher requested confidentiality? Did he do it in writing or was it at the meeting?

**Mr. Lavelle:** It could have been done in writing.

**Mr. Pope:** Can someone tell me?

**Mr. Lavelle:** I am not sure, but it certainly was the requirement that all the information that came to the provincial government through the process of the Continuing Committee on Trade Negotiations was to be secret.

**Mr. Pope:** Yes, I understand what you are saying now, but what I asked for was any documents and any minutes of these committee meetings. You are saying that the federal government insisted that all documents, regardless of whether they came from you or from them, and any minutes of these meetings, were confidential. You are saying that the federal government insisted on that.

**Mr. Lavelle:** Yes.

**Mr. Pope:** Can someone tell me when this was insisted upon, by whom and in what form this insistence was given to you?

**Mr. Lavelle:** Well, I do not know whether anybody else has better information than I do about this. As I understand it, when the process of the Continuing Committee on Trade Negotiations was established, that was a requirement that was laid down by the federal government and the

the chief negotiator for the federal government, Mr. Reisman, that it was to be on the basis of confidentiality.

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**Mr. Pope:** Could you table, before the end of estimates, the legal opinions which led you to make the statements that you make on pages 42 to 44?

**Mr. Lavelle:** If I understand it correctly, Mr. Pope, any legal opinions having to do with free trade have already been made public: One, by Mr. McConnell of Hogan and Hartson, was to the ministers' committee; the other was a document that was prepared on behalf of the government—I have not read all this, but I think that is what you are referring to—by Philip Layton of Blake, Cassels, which was made public in this room, I think.

**Mr. Pope:** There are no other legal opinions, then, with respect to pages 42 to 44?

**Mr. Lavelle:** Those are the legal opinions we have received.

**Mr. Pope:** Could you table the delivery letters that accompanied those legal opinions?

**Mr. Lavelle:** The delivery letters?

**Mr. Pope:** Yes.

**Mr. Lavelle:** If there are delivery letters—

**Mr. Pope:** There will be.

**Mr. Lavelle:** —presumably they can be.

**Mr. Pope:** Just from the form of the letters, I can tell. So can you table the delivery letters as well?

**Mr. Lavelle:** Yes, with the caveat, Mr. Pope, that those letters do exist.

**Mr. Pope:** Yes.

**Mr. Lavelle:** I do not remember any delivery letters, but we will look for them.

**Mr. Pope:** Can I ask the minister, is it correct that those two opinions are the only bases for our statements on pages 42 to 44?

**Hon. Mr. Kwinter:** To my knowledge.

**Mr. Pope:** Are there any other sources of information for the statements made on pages 42 to 44?

**Mr. Lavelle:** I had better read that.

**Hon. Mr. Kwinter:** I had better read it, too.

**Mr. Pope:** This sounds like a discovery.

**Mr. Chairman:** Okay, perhaps one of the two people up here can dig out the response to that and we can go on with further questioning. Mr. Morin-Strom is next and then Mr. Campbell.

**Hon. Mr. Kwinter:** Mr. Chairman, I can answer that.

**Mr. Chairman:** Okay.

**Hon. Mr. Kwinter:** Those are the only two we have received.

**Mr. Chairman:** Okay.

**Mr. Morin-Strom:** I would like to ask, first of all, on the free trade issue, for any reports that have been prepared by the ministry with regard to implications of the free trade agreement on provincial jurisdictions, and a listing of all areas in which the province may be required to take action or could take action with respect to stopping the agreement, which, of course, was the commitment by the Premier.

**Hon. Mr. Kwinter:** If I can respond to that, the Premier has stated on several occasions that he has asked the Attorney General (Mr. Scott) to do a constitutional audit to see in what areas we have the right, in fact, to oppose the deal. That constitutional audit has not been completed. But we do not have a study of any other areas where it would impact on us. I would say to you that once we see the final legal text tomorrow, which is when we expect to see it, we will then have our advisers look at it to see if there are any areas where we can, as the Premier said, not bring forward any implementing legislation. We have not determined that as yet, but the Attorney General is currently conducting a constitutional audit to see what our position is.

**Mr. Morin-Strom:** So from your perspective, you have not done any type of survey or analysis on an industry-by-industry basis as to potential provincial jurisdiction?

**Hon. Mr. Kwinter:** Not until we see the final text.

**Mr. Morin-Strom:** None of this has been done in advance or in preparation for that?

**Hon. Mr. Kwinter:** That is correct.

**Mr. Sterling:** Could I just ask a supplementary? Until you just mentioned it, I did not realize that the text was going to come down tomorrow, but I knew it was going to come soon. I would really like the committee to consider at the end of the proceedings today whether or not we could put off tomorrow's hearings until after we have a chance to look at that particular final document so that we can have a little bit of time about that. If it takes any administration changes, it may be at this time of the day that they can be made. I do not know who is next on the auction block as far as estimates are concerned, but we might consider somebody else's estimates tomorrow.



That would be the position of our party on this. I do not know about Mr. Morin-Strom, but I would certainly like to look at it over the weekend and have a chance to query you on it.

**Mr. Chairman:** The only word of caution would be that the standing committee on finance and economic affairs is going to be examining this whole matter after Christmas. I think it is the first priority of the committee. You are on the committee, are you not, Karl?

**Mr. Morin-Strom:** Yes.

**Hon. Mr. Kwinter:** Perhaps I can bring some information to the discussion. We of course have no control over when that document will be released. The best information we have is that there will be a lockup tomorrow morning for the press and that at three o'clock tomorrow afternoon, the Prime Minister expects to table the report in the House. We understand that simultaneously he will provide the provinces with a copy of the final legal text and that we should have it at the same time he releases it in the House tomorrow. That will be at three o'clock; which means tomorrow is really a day when nothing useful can be done with the document at that stage.

Certainly, if you want to wait, I am in your hands. If you want to wait, by the beginning of next week we will have had a chance to analyse it. It will be a public document tomorrow afternoon. You may want to ask questions in relation to it and I have no problem with that.

**Mr. Sterling:** That would be my preference, notwithstanding the economics committee's actions.

**Mr. Chairman:** All right. Can I make the suggestion to members that this kind of rejigging should be done through the House leaders. I urge members from each of the caucuses to do that. Obviously, it should be done this afternoon. Perhaps you can each get in touch with your respective House leader to see whether he wishes to do that.

**Mr. Campbell:** On this matter, I suppose since I am substituting for our representative I could carry that message back. I cannot undertake that our House leader—I will certainly take that message back.

**Mrs. Grier:** I have some reluctance to agree to this. We have a very limited time for estimates, only seven and a half hours for this ministry. Given that another committee of the House is going to look at the free trade agreement in some detail, I am not sure what really useful work this committee could do in one afternoon shortly after

we have received it. By using that time, I suspect we would preclude discussion of any other aspects of the estimates of this ministry.

**Mr. Chairman:** I am worried that we will run head on into the desire of this committee to deal with the Ministry of Housing estimates next week, which has been somewhat of an issue in the Legislature. I would be nervous about pre-empting another ministry. However, go back and talk to your House leaders.

**Mr. Sterling:** The only thing I say is that I am not going to take time away from these estimates for another ministry's estimates.

**Mr. Chairman:** No.

**Mr. Sterling:** If we cannot arrange something, then let us try and proceed tomorrow afternoon. If things can be arranged for Housing tomorrow, if that is next on the agenda, I would prefer that to go ahead. It is just a replacement of time, two and a half hours for two and a half hours.

**Mr. Chairman:** Mr. Morin-Strom, are you finished?

**Mr. Sterling:** Sorry to interrupt.

**Mr. Morin-Strom:** I would be inclined to agree with my colleague the member for Carleton Place (Mr. Sterling) that if it were possible to switch sessions with the Housing ministry, then that would be beneficial and we should try to do that and put off our third session until next week.

**Mr. Chairman:** All right. It is agreed that it is in your hands to deal with the House leaders.

**Mr. Morin-Strom:** I ask the minister who studies the ministry has done in terms of—we have substantially had the agreement for several months now—what adjustment mechanisms will be put in place by this government if the free trade agreement is in fact implemented?

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**Hon. Mr. Kwinter:** Of course, the whole area of adjustments is critical to this exercise. We have a situation where the federal government which has taken the lead in this whole initiative had said from day one that this was an agreement that was going to be beneficial to this country but that notwithstanding the benefits there were going to have to be some adjustments and the federal government would play the major role in those adjustment programs.

When questioned in the House, the Prime Minister said—I am paraphrasing him as I do not know his exact wording—that we have lots and lots of money to look after the adjustment program. When the Minister c

ance was asked in the House if there were any means available for adjustment, he was not sure of any. There is that dichotomy in their presentation.

We are in a position where, until we see the final text and until we determine where the adjustments are going to take place, we cannot fully act. The other problem we have, of course, is that we do not want to be in a position where the federal government leaves the field and says, "The situation is well advanced in its adjustment program and as a result we have no reason to participate."

What we are going to have to do is see what happens once we have the final text and once we have had a chance really to analyse it and evaluate it. We are very concerned and we have expressed our concern, to give you one example, in the wine industry, the grape growers. We are hearing rumours that maybe there has been a change in the type of accommodation to ease the adjustment period. We do not know. We keep hearing rumours when the federal Conservative government goes into the Niagara area that, "There will be adjustment programs and don't worry about it." We are in a position where we really have to wait until the cards are played out.

I can tell you this: as soon as we do know, we will be pressuring the federal government in the areas we will identify as being vulnerable and requiring adjustment programs. This will be something that I am sure the committee that deals with this final legal text will be addressing. I think that will be one of the major things they will be addressing.

**Mr. Chairman:** Before you respond, I would mainly be remiss as chairman of the committee if I did not recognize someone who just came into the room, Margaret Campbell, the former MPP. Welcome, Margaret.

**Mr. Morin-Strom:** Finally, on the issue of commitment of funds to underdeveloped regions in the province, can the minister substantiate his claim that northern Ontario in particular has been getting more than its per capita share of funding from his ministry and can he provide specific figures to back that up?

**Hon. Mr. Kwinter:** Mr. Chairman, David MacKinnon is here and he can provide that material if you would care to call on him.

**Mr. Chairman:** Mr. MacKinnon, would you like to come to the table please.

**Interjection:** Mr. MacKinnon and Mr. Sorensen.

**Mr. Chairman:** And Mr. Sorensen. Welcome, both of you, to the committee. Mr. Sorensen's face is a familiar one to me.

**Mr. MacKinnon:** Perhaps I can talk briefly about the funding patterns for the Northern Ontario Development Corp. in the last couple of years. Then, if I may, I would like to turn to one or two cases just to indicate qualitative as well as quantitative differences in some of the things we are doing.

First, in terms of the role of the Northern Ontario Development Corp., a few moments ago there was a discussion about the new ventures program. The new ventures program is a totally different type of program from most government lending in the past. It is different in several respects. One is that it is not direct lending. It is done through the financial institutions and it is provided with the assistance of a government guarantee as part of the portfolio of those financial institutions. It is different in the sense that it encourages the small businessman to work with the bankers with whom he must deal most of the time.

In any event, the results of the new ventures program in the last—excuse me while I just thumb through here for a few moments. In the fiscal year 1987-88, 198 of those loans guaranteed were provided in northern Ontario. That is a program that was not available prior to that year. This year the total is running substantially greater than that. We think this is a program on which we may be building in the future in terms of related financial initiatives. I guess that is the first result, from zero in the preceeding year, or close to zero because of the startup nature of the program, to 198.

**Mr. Morin-Strom:** What is the dollar figure?

**Mr. MacKinnon:** The dollar figure is that the guarantees provided under that program will be \$2,684,200 in that period of time. This program is a very active one. The difference of course between how it is administered in the south and how it is administered in the north is that if a business person accesses that program in southern Ontario, he is required to match the amount the bank lends with our guarantee. In northern Ontario, they need only provide half the amount.

**Mr. Wiseman:** Can I ask a supplementary? How many jobs were created with that; and because it is venture capital how many were lost?

**Mr. MacKinnon:** The answer is we do not know yet in terms of net job creation.

**Mr. Wiseman:** For the first year, though; for the first year you mentioned you had 198 and that



this year it was substantially more than that. Do you not have the figures in for the year for which you quoted us the 198 jobs and over \$2 million spent?

**Mr. MacKinnon:** We have the figure on the number of businesses that have started up. We would not have a reliable estimate on the number of net new jobs created as a result of that program in the north for the period.

**Mr. Wiseman:** When they ask to start the project, do you not find out if it is going to create one or two more new jobs? Is there no criterion along that line? Have you been asked to come good on your guarantee at any of the banks?

**Mr. MacKinnon:** Let me deal with both of those questions in succession. The answer is we do not ask for a great deal of data from the banks or from the applicant because we are trying to keep the program as simple as possible and to keep the paper volume associated with it down so that people can access it quickly through their regular financial institutions. We have a computer system linkage with the banks. We eventually get most of the data we need, but we do not, as in most other programs, have the same upfront requests for information from the applicant because that slows down the loan-granting process and increases the volume of paperwork that has to be filled out. The great virtue of this program is that we have kept all that to a minimum. That is why we do not have—

**Mr. Wiseman:** So there could be very few new jobs with that venture capital going into perhaps upgrading an existing facility or something like that.

**Mr. MacKinnon:** No.

**Mr. Wiseman:** Why would you not have a handle on how many new jobs would be created if they are brand new businesses that start up?

**Mr. MacKinnon:** For the reason I mentioned. First, the only way you can get reliable information on the number of jobs that are created is by looking at the business over a period of time and the program has only been in place for a year. To get a final analysis of its impact on the firm, you would have to wait until the thing had been established and its prospects were reasonably well known. The second and more substantive answer is that we do not load this program with a great deal of informational requests, because informational requests mean paper and that is what small businessmen are most afraid of. We have tried to design this program, and this is why it is different from any others, with the very minimum of that overbur-

den. Of course, the third answer is that it works through the banks. It is not a direct government loan.

**Mr. Chairman:** Perhaps we could go back to the—

**Mr. Wiseman:** Have you lost anything?

**Mr. MacKinnon:** Let me come to the second part.

**Mr. Chairman:** Using the supplement aspect here, Mr. Wiseman, do you want a final—

**Mr. Wiseman:** I thought it was along the same line as venture capital that you were talking about.

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**Mr. MacKinnon:** The answer to your second question, have the banks called in any of the guarantees, is yes. Many fewer have been called than we had expected at this point in time. We expect the number to rise. We would also say that a year is not a valid period of time in which to judge the eventual final rate of calling the guarantee, to predict the program in the future. Most of these loans now would be well under a year old. Clearly, very few of those businesses would have failed in that time if the loans are good loans in the first place, and they are. Some have been guaranteed; very few, much fewer than we had expected; but we do not have enough time to estimate the final long-run total.

**Mr. Sorensen:** I would say that with respect to the number of jobs, we do know there would be at least one job created for each new activity as there have been 198 applications authorized. It is a startup situation, an entirely new business without any track record or any activity prior to the date of the loan approval or authorization. It is the entrepreneur's intention, of course, to establish successfully, because he has some of his own money involved and hopefully the business will be growing.

**Mr. Wiseman:** It has been my experience along that line that most of them are seasonal jobs, seasonal for three months or four months and that there would not really materialize many years of work out of that 198.

**Mr. Sorensen:** We do not have a breakdown on the types of businesses assisted under the program. I will venture a guess—not even a guess—the knowledge I have of those loans that had been authorized in northern Ontario is that the businesses are not seasonal. They are in the retail sector. There are restaurants involved. There are small service industries involved. It is not a seasonal type of activity.

**Mr. Chairman:** Thank you, Mr. Wiseman. Mr. Morin-Strom, you still have the floor.

**Mr. Morin-Strom:** Yes, and I do not think my question got answered. My question was, where are the figures which substantiate that we have got our per capita share of the funding of this ministry? You talked about \$2.7 million—

**Mr. MacKinnon:** No.

**Mr. Morin-Strom:** —which is about one per cent of what I see as a total of \$250 million in the total estimates here. You talk about one per cent, and we have at least seven, eight or nine per cent of the population.

**Mr. MacKinnon:** I have not completed my answer yet, sir. I indicated—

**Mr. Morin-Strom:** OK. Let us get back to that then.

**Mr. MacKinnon:** I indicated that the first program was a new ventures program. In terms of other NODC activities, in the past year our commitment levels in regular lending, excluding the northern Ontario regional development program which we run for the Ministry of Northern Development, in the north increased by over 30 per cent from \$19 million in 1985-86 to \$25 million in 1986-87. Per capita commitments in the north in recent years—I will have to check the base year—have increased by about 25 per cent from \$34 per capita to \$43 per capita.

For every dollar we lend in the south per citizen of southern Ontario, we lend \$3 in the north. Our per capita lending in northern Ontario is triple what it is in southern Ontario and that ratio is growing every year. Perhaps I can just—

**Mr. Morin-Strom:** When you say lending, these are the amounts of loans you have guaranteed for businesses in the north—

**Mr. MacKinnon:** No, these are loans.

**Mr. Morin-Strom:** —or is this actual money from the province going to these businesses?

**Mr. MacKinnon:** This is actual direct NODC lending. This is direct funding of loans that excludes the lending we do for the Ministry of Northern Development where we act as its agent.

Again, I have not completed my answer. That is for the direct NODC program, direct commitments. Those commitments in the north have increased by 25 per cent in recent years. We are now lending \$43 per capita, and including Nordev—this would be perhaps the third category—which of course is funded under the Ministry of Northern Development, our lending has increased by 25 per cent from 1985-86 to 1986-1987, from \$25.5 million to \$31.5 million.

Perhaps the final and most important number is that for 1987-1988, our projected commitments will increase by a further 40 per cent from the previous year. We are looking at very rapid lending growth in the north.

**Mr. Morin-Strom:** Is it possible for us to get the documents detailing involvement in the north? Not today, but could we have more details than are provided in the estimates?

**Mr. MacKinnon:** We can certainly put together a short document describing the details of the patterns I am talking about and have it here for tomorrow morning.

**Mr. Morin-Strom:** Thank you.

**Mr. MacKinnon:** Could I perhaps describe one other program initiative that is different? Again, the dollar amounts are small, but this program is strategically very important. The Innovation Ontario Corp. has recently made an equity investment in northern Ontario. This, of course, is a company that provides seed capital and equity investments as opposed to loans or loan guarantees. It is a new subsidiary of the Ontario Development Corp.

Its most recent investment in northern Ontario involves a software company in North Bay that sells computer software programs to marina operators and dealers who sell boats of all kinds. It is a very tidy little package that is clearly entirely suitable for marketing throughout northern Ontario. It is a business that clearly is indigenous to the economy from which it arises. That investment has recently been made. We expect more. Again, that is a new program that has just started up about a year ago.

As Mr. Sorensen rightly observed, our problem is that our lending patterns in northern Ontario are growing very rapidly relative to the south and are growing relative to the east, although less so. Our problem is, do we feel we can continue that pattern into the foreseeable future?

**Mr. Chairman:** If I may, are you not worried that the tradition of providing tourism loans in the north dominates, as it always has, as opposed to manufacturing loans? I was looking at the statistics the other day. Nothing is changing. There are three aspects to loans. There is export, there is industry and there is tourism. I think that is correct. You are still dealing with the north as a tourism base and the south as a manufacturing base.

**Mr. MacKinnon:** We have the numbers and Mr. Sorensen will give them to you. Perhaps I can just answer in general terms and he can



answer in specific terms. In terms of northern Ontario, a very substantial amount of our lending is in manufacturing. We will give you the numbers, so we can prove it to you. There is a point that does concern us from time to time. We would like to have a broader and better composition of the portfolio in a number of different ways. We will strive to achieve that, but recently some of the quality of some of the manufacturing proposals has been substantial.

We have recently done three or four major ones, for example, in North Bay, which are quality, solid manufacturing opportunities that I do not think would have come to the north without our assistance. Perhaps we can talk about those. The quality of some of the recent manufacturing proposals has been very good, particularly in that part of the north.

**Mr. Chairman:** I do not want to prolong the debate if other members want to speak, but I just want to know if you have been trying to turn that around so that there is more of a manufacturing base in the north.

**Mr. MacKinnon:** Would the numbers be useful?

**Mr. Chairman:** If they are brief.

**Mr. Sorensen:** For the year to date, I am looking at our present situation and I think that is significant when compared to the prior year. With respect to industrial loans of all categories, including those which we administer for other ministries, there are a total of 87 loans for the five months ending October 1987, as opposed to 114 last year.

I will get into the dollar amounts. This year, for the five months, there has been a total of \$30.7 million in loans, guarantees and incentive loans to the secondary manufacturing and service sector, that is, service industries in support of manufacturing.

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**Mr. Chairman:** Are you talking about the north?

**Mr. Sorensen:** This is the north.

**Mr. Morin-Strom:** Is the St. Marys one a big portion of it?

**Mr. Sorensen:** No, that is entirely separate. That is under an entirely different program. We are not discussing that one at the moment.

With respect to tourism, for the same period, there have been 67 activities for the year to date for a total of \$8.9 million. Those figures include agency loans such as those that we administer on behalf of the Ministry of Tourism and Recreation. I refer to Destinations North, the tourism

redevelopment incentive program and the grading assistance loan program. Really, that is indicative of the increasing activity, the involvement and the growth of the secondary manufacturing sector in northern Ontario.

The total activities to date for the five months have been 155 for a total of \$40.4 million in all types of loans. I think we have to look at the entirety rather than segregating it program by program, although we do have those figures if you wish.

**Mr. Chairman:** No. I was comparing the industry loans in the north versus the industry loans in the south.

**Mr. Wiseman:** Can I just ask for a clarification? I thought I understood you to say manufacturing, secondary manufacturing and the service industry. Did you say service industry?

**Mr. Sorensen:** Yes. I said service industries in support of secondary manufacturing and manufacturing.

**Mr. Wiseman:** Is that the same for eastern Ontario? I was always told that service industries did not qualify.

**Mr. Sorensen:** Yes, machine shops, metal-bashing shops and that type of thing. We refer to that and we consider that as being a service industry.

**Mr. Wiseman:** I have a different idea of a service industry.

**Mr. Sorensen:** Drycleaners.

**Mr. Wiseman:** Yes.

**Mr. Sorensen:** Hairdressers.

**Mr. Wiseman:** Yes.

**Mr. Morin-Strom:** I have one specific Northern Ontario Development Corp. project I mentioned yesterday, the King Mountain one. Would you prefer me to wait and hold the question or ask about it while they are here?

**Mr. Chairman:** Why do you not go for it?

**Mr. Morin-Strom:** We discussed this the last two years and this remains one of the largest commitments of the provincial government left over from the Board of Industrial Leadership and Development, involving \$20 million-plus in a commitment to a major tourist ski centre north of Sault Ste. Marie. This project continues to get put off year after year. I wonder if you could update us on what the situation is facing the King Mountain project, what is the potential for something happening, what is the current commitment of the government to that project and, in particular, whether you have made any further

financial commitments in terms of spending during the last year.

**Mr. MacKinnon:** One answer to that is, as you may recall, that in terms of the development of that project, it is dependent upon an underwriting issue. A major underwriting firm was expected to run a campaign to raise significant funds for public issue in support of that project. The conditions of the last three or four months have not helped in that undertaking, particularly the difficulties arising from the stock markets and various kinds of public issue, so there has been a complexity there.

There have also been some other complexities in terms of the design of the project. NODC has been active. Our loans are still current. We are still in touch with the project proponents. The Ministry of Northern Development plays the key role in terms of organizing all the parties. It is a question that perhaps, in terms of the fundamental leadership of the project, can best be put to them. The only thing I can say is we are still there. We are still active. Our loans are still outstanding. The future of the project, to the extent that it was dependent on the public issue, something that we too would want to try to get me quick definition to and we do not have it.

**Mr. Morin-Strom:** How much is owed to the government right now and how much are you still committed to providing?

**Mr. Sorensen:** Presently, there is \$497,000 in direct term loans outstanding. They were granted and authorized in December 1983, January 1985 and January 1986. In addition to that, to participate in and assist the company, the developer, in proceeding with the preparation of the necessary documents, studies and other requirements in order to complete the underwriting which was undertaken by Richardson Greenfields, we did provide a loan guarantee in the amount of \$500,000 as part of a \$1.25-million financing package. The cash was provided by Central Capital. This is the first time that private sector financing has come into the project. This was in October 1986.

**Mr. Morin-Strom:** My understanding was the interest on the \$497,000 was still accumulating.

**Mr. Sorensen:** It is accrued on the outstanding loans to March 31, 1987, and the amount accrued is \$105,000. The total exposure is \$497,000 and \$105,000, which is \$602,000, and in any continued liability we may have with respect to the guarantee.

**Mr. Morin-Strom:** Has anything tangible happened on the site?

**Mr. Sorensen:** There is nothing tangible on the site. Surveying has been carried out. Some topographical maps have been prepared, the design of the hill has been reviewed and access. Various ministries are involved in that, including Natural Resource, Environment, Municipal Affairs and Housing, etc. They are all involved in the process.

**Mr. Morin-Strom:** You say the \$500,000 was part of a \$1.2-million package.

**Mr. Sorensen:** It was a \$1.25-million package.

**Mr. Morin-Strom:** That is \$1.25 million plus another \$497,000 you loaned before that, which adds up to about \$1.75 million; and we have some surveying and some maps. What have all of those funds been spent on?

**Mr. Sorensen:** The purpose of the financing by the Northern Ontario Development Corp. has been to support the existing mortgages on the property. In other words, they have been reduced and the interest has been paid on those. That has prevented default with possible loss of the property over that period of time.

**Mr. Morin-Strom:** Who was the owner of the property and who were the mortgage payments going to?

**Mr. Sorensen:** They are going to private land holders who took back a mortgage.

**Mr. Morin-Strom:** Are they the principals in the project?

**Mr. Sorensen:** They are not.

**Mr. Morin-Strom:** Totally independent?

**Mr. Sorensen:** The vendors of the property are totally independent. They are private mortgages. They are estates and they are not related. There have been some out-of-pocket costs with respect to surveying; not studies, but preparation of the prospectus, for example, was an expensive undertaking. Primarily, the funding for that came out of the last \$1.25 million, which was provided by Central Capital, and there is also a marketing program in process now.

**Mr. Morin-Strom:** I have a letter from the minister dated February 27, 1986. This is in response to the first time I brought this up two years ago when I asked what the status of the loans was. At that time, the letter back from the minister talks about the \$497,000 in loans and says, "An extension of repayment of the two previous loans, plus accrued interest, was granted to December 31, 1986, when the three



loans will become due and payable," which is nearly a year ago now. Further on in the letter, it says: "We have advised the company that further financial assistance will not be entertained" by the Northern Ontario Development Corp. and that they must finalize their financial responsibilities by December 31, 1986.

In fact, rather than insisting on finalizing financial responsibilities, you have extended another \$500,000-loan guarantee as part of a \$1.25-million package and apparently there is no resolution or indication that the project is going to go on. Where are we going with this project?

**Mr. Sorensen:** There has been a significant event since that letter and that was the agreement by Richardson Greenshields to undertake the underwriting. That was the first time that any brokerage house with that reputation has shown any interest in the project. The proponents found it very difficult. They had tried to market the project in Hong Kong and in the Pacific Rim area, in the United States, etc., without success. They then reviewed their financing package and approached Richardson Greenshields, which after due consideration said it would undertake and underwrite a \$15-million public offering.

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**Mr. Chairman:** Would you allow a supplementary to that from Mrs. Grier?

**Mr. Morin-Strom:** Yes.

**Mrs. Grier:** I wonder if Mr. Sorensen can tell me how large the property is and whether all of it is owned privately?

**Mr. Sorensen:** There is in excess of 3,000 acres in that project. A portion of it is under option, without cost or without deposit, to Algoma Central Railway; but there is in excess of 3,000 acres, if I recall correctly.

**Mr. Morin-Strom:** ACR is the major proponent?

**Mr. Sorensen:** No, not major. There is a portion there; there is an option to purchase. They have not yet done so. They have approached.

**Mr. Morin-Strom:** They have received most of the money, in other words?

**Mr. Sorensen:** They have not received any money.

**Mr. MacKinnon:** They have an option to purchase a portion of the property from its current owners.

**Mr. Chairman:** Mr. Morin-Strom, we will deal with one step at a time.

**Mrs. Grier:** Is any of the property owned by the crown?

**Mr. Sorensen:** No.

**Mr. Chairman:** In order to protect the safety of those around him, I think it is time Mr. Pope had a supplementary.

**Mr. Pope:** I just wanted to know how much Richardson Greenshields was being paid for its underwriting services. Is it \$200,000 a year?

**Mr. Sorensen:** It is not on annual basis; it is one-shot deal. It is a good package.

**Mr. Pope:** Is it the \$200,000?

**Mr. Sorensen:** I did not say that. I can make that available afterwards.

**Mr. MacKinnon:** Mr. Pope, they have to succeed to get paid.

**Hon. Mr. Kwinter:** Can I ask the member for Cochrane South to elaborate on why he asked that question?

I withdraw the question.

**Mr. Chairman:** Yes, withdraw that question. The wounds are deep enough now.

**Mr. Morin-Strom:** I wonder if we could go some more details provided of who has received payments that have been made to date and what further commitments are still outstanding from the province.

**Mr. Sorensen:** Yes, we will undertake to provide that, because we do have requests for disbursement from the proponent and the disbursements have been made in accordance with or subject to, verification of the financing.

**Mr. MacKinnon:** I would be less than candid if I did not say that in light of the current conditions we expect some significant changes in the structure of this thing in the next few months because of the underwriting and problems in the capital markets.

**Mr. Morin-Strom:** So the project is not imminent at this point.

**Mr. MacKinnon:** I am not saying that. I just think that we do not know—and this is a problem that I think anybody has in this situation—the financial impact of the effects of the stock market decline on the ability of companies to raise equity securities, and we do not know what that decline is. Obviously, it is negative.

**Mr. Chairman:** OK, Mr. Morin-Strom? We are back to regular rotation.

**Mr. Sterling:** May I actually ask a question with regard to the documentation provided to us for estimates? I think it is probably the first time in 10 years that a question has ever been asked

about the actual documentation, but I would like to ask one question in relation to the phenomenal increase in the budget of your ministry in policy and technology. It has gone up by about 600 per cent over the last two years. Can you explain to me why it has gone up by 600 or 700 per cent?

**Mr. Lavelle:** This is the policy and technology division?

**Mr. Sterling:** Yes. In 1985-86, there was a budget of \$5 million; in the 1986-87 estimates, \$9 million; and this year it is \$34 million.

**Mr. Lavelle:** I do not know whether David Redgrave could be more precise than I could be in terms of the increased expenditures, but let me try to respond a bit. In the past two years, there has been an increase in both the manpower and the expenditures of that division because we have brought the policy division and the technology division together. We have also increased the number of staff in that division in order to meet the requirements of the technology fund, the development of a policy on research and development.

With respect to the specific expenditures, there is an increase in the Premier's Council technology fund administration and the reorganization, which included a staff increase of approximately 20 people.

**Mr. Sterling:** Does it show in the estimate that the cost of the Premier's Council is?

**Mr. Lavelle:** The administration of the Premier's Council is located in the estimates of the Ministry of Industry, Trade and Technology. The actual expenditures under the technology fund are in the estimates of the Treasury, not within the Ministry of Industry, Trade and Technology.

**Mr. Sterling:** OK. Can we have a breakdown of those administration expenses?

**Hon. Mr. Kwinter:** Do you have a briefing book?

**Mr. Sterling:** Yes.

**Hon. Mr. Kwinter:** It is on page 2-12.

**Mr. Sterling:** I am sorry. I do not have it here with me. I have your estimates with me.

**Hon. Mr. Kwinter:** I will give you an idea. It is a total of \$840,000. I think that is the right figure. It is broken down into transportation and communication, \$25,000; study of economic and industrial competitiveness, \$395,000; centres of excellence announcement, \$36,000; other services, \$269,000; total supplies and equipment, \$40,000, and members' expenses, \$75,000; for a total of \$840,000.

**Mr. Sterling:** Running the council is costing almost \$1 million.

**Hon. Mr. Kwinter:** \$840,000.

**Mr. Sterling:** How many of those are permanent employees in that expense?

**Mr. Lavelle:** There are two aspects of the Premier's Council. There is the technology fund under the administration of Dr. Martin Walmsley who controls and administers the applications to the technology fund. Then there is a secretariat, which is also within our ministry, in which there are three employees. I would have to get the figure, but they are employees who were in most cases in other parts of the ministry and have been put together under Dr. Walmsley to do this work. There are 11 in total.

**Mr. Sterling:** So 11 employees and eight hundred and some odd thousand that you are spending for the Premier's fund.

**Mr. Lavelle:** Right.

**Mr. Sterling:** Going back to my question about policy and technology going from \$5 million to \$575 million in your estimates this year, I still have not really—

**Mr. Lavelle:** I am sorry. What figure are you using?

**Mr. Sterling:** Sorry. Going up by 575 per cent, going from \$5 million to \$34 million.

**Mr. Lavelle:** The only explanation I could make for that is that the technology centres would have to be in that particular vote if they have been moved in the last year from some other vote in the ministry.

The technology centres, with an expenditure of approximately \$19 million, are included now under the administration of the Assistant Deputy Minister of Industry, Trade and Technology, policy and technology division. They were transferred from another division. Mr. Redgrave, you might shed some light on that. I have been swimming long enough on that, but I do believe that it is the technology centres.

**Mr. Redgrave:** My understanding is that in the reorganization of the budgetary structure after BILD was discontinued, some of the expenditures which were formerly in Treasury were transferred to our ministry, and that accounts for that leap. That would be the technology centres. I understand that to be the remains of some of the BILD program.

**Mr. Lavelle:** Mr. Redgrave is right. The technology centres were part of BILD and were moved to the ministry when the BILD fund was discontinued.



**Mr. Sterling:** I noticed under the policy and technology division there is \$3.3 million for salaries and wages. That is a lot of policy people.

**Mr. Lavelle:** Again, the salaries and wages would include those of all the employees of the technology centres.

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**Mr. Sterling:** I do not think you are right. The transfers are for \$26 million out of the \$34 million. I would suspect the transfers include the salaries. Would you provide me with a list of all the employees who are involved in the policy and technology division, outside of the people who are involved in the technology centres, and their positions and what they do?

**Mr. Lavelle:** Yes.

**Mr. Chairman:** Anything else, Mr. Sterling?

**Mr. Sterling:** Not right now.

**Mrs. Grier:** I was very interested in the minister's comments on December 7, page 34, when he indicated that his ministry had "been involved, on a proactive basis, with recent restructuring in the tire industry" and had been meeting with officials of Cooper Tire and Rubber Co., Firestone and the federal government in an effort to avert the closure of Firestone. I would be interested in knowing when the ministry first became informed of Firestone's decision to close down.

**Mr. Lavelle:** We were informed of the decision by Firestone to close its facility in late June or early July of this year.

**Mrs. Grier:** I ask because I was prompted by the minister's remarks last week to go back to the Hansard of this committee where we were discussing the closure of Goodyear. I notice in his submission at that time that Mr. Lavelle described co-operation with the rubber association and the studies that the ministry was doing with respect to the entire tire industry.

He described the fact that they were taking, in February of this year, a survey of alternative employment opportunities. The study was determining the viability of the tire industry to develop a provincial approach, and there had been launched a series of meetings with the executives of the tire industry with the intention of exploring projects for the industry in the province.

He went on to say that throughout January he held numerous discussions with the other major tire producers—Uniroyal, B. F. Goodrich, Firestone and General Tire—and I was a little surprised that, in that intense involvement with the tire industry, no hint had been dropped that the Firestone closure was pending.

**Mr. Lavelle:** I think that the history of Firestone operation was focused more direct for us in the government as a result of Goodyear closing. It seemed that the tire industry itself was experiencing restructuring problems; I am talking about the specific notice at this time. The president of Firestone Canada approached the government to indicate that, in fact, decision had been made to close the facility in Hamilton.

We were aware, as I said in the estimates last year, of the difficulties of the various companies and we were working with them to try to find a positive role for us to play either in the restructuring of the companies or, indeed, trying to create new investment. With respect to this specific case, I believe the announcement date, or the date on which the president of Firestone Canada came to us to tell us that it had made this decision, was in that time frame.

**Mrs. Grier:** Can you tell me the status at this point of the tire study that you were doing in February 1987 and when it might be complete?

**Mr. Lavelle:** Unfortunately, I think that the information that we have accumulated about the tire industry is in effect being overcome by a number of events that are bringing about some final decisions in a number of areas.

First of all, of course, the whole question of Firestone and the Cooper Tire situation has engaged the activities of the minister and many of us in the government for some months. We have had continuous discussions with Goodyear Tire and Rubber of Akron about what it may consider doing in Ontario in the future.

Then, of course, in the midst of all of this, Contigumi has purchased General Tire in a buyout situation in the United States, which included the situation in Barrie; and there are ongoing discussions as well with the B. F. Goodrich Co. in Kitchener. This is one time when we did not have enough time to get the study done before we had to respond to it.

**Mrs. Grier:** Is there any documentation of a background study that you would be prepared to release or make available to the committee at this point?

**Mr. Lavelle:** I would have to see what information we could make available but I would be happy to check into that situation.

**Mrs. Grier:** Can you give me any kind of target date as to when the full study might be completed or tabled?

**Mr. Lavelle:** I could not give you a date when the full study may be completed because the

events are ongoing as we speak and the priority that has been established is to try to get the situations that are active solved.

In terms of what the government does, obviously, the recommendations will be forthcoming and going forward to ministers so that decisions can be made based on the information we have accumulated.

**Mrs. Grier:** But there is some material you could share with the committee.

**Mr. Lavelle:** I undertook to try to see what information we could make available. As you understand, these negotiations are now highly sensitive and we would not want to release any information or material that would have a negative effect on those negotiations, but I will undertake to see what information we can share with the committee.

**Mr. Pope:** It struck me a few minutes ago, and I just want to go back to this continuing committee on trade negotiations and maybe solve one of your difficulties by rephrasing the question. Will you produce for tomorrow any documents which you tabled or which you prepared or any notes which you kept during the course of the meetings of the continuing committee on trade negotiations?

**Mr. Lavelle:** Two things I would say: one is that some of the documents we provided to Ottawa have already been tabled, the report on the manufacturing industry and others. The only documents that would relate to the continuing committee in Ottawa would be notes taken as a result of various discussions that took place at the meetings to which the same rule would be applicable. In other words, those meetings were off the record and private and the information that was imparted to the provincial officials was not for release.

**Mr. Pope:** What about information that you imparted to the federal officials? Is that for release?

**Mr. Lavelle:** I think that the information we imparted to the federal officials has already been released.

**Mr. Pope:** All of it?

**Mr. Lavelle:** I would have to check, but I think the studies we provided to Ottawa were in the papers that have been released by the government. I will go back and check again.

**Mr. Pope:** Can you give me a list of the dates of the continuing committee meetings and who was present representing Ontario and in what capacity they were there?

**Mr. Lavelle:** Yes.

**Mr. Pope:** When can I have that?

**Mr. Lavelle:** We could have that for you by tomorrow.

**Mr. Pope:** Maybe for the sake of resolving any potential difficulties, can you verify your position on nonproduction with the federal government?

**Mr. Lavelle:** Yes, I can.

**Mr. Pope:** I will get back to you tomorrow on this.

I want to ask a couple of questions about what negotiations are taking place in the European Community vis-à-vis any import quotas now in effect, barriers vis-à-vis standards, tariff barriers with respect to Ontario products and Ontario companies attempting to enter the European Community.

**Mr. Lavelle:** I am not sure that I understand what you are referring to, Mr. Pope. Of course, the negotiations that are conducted with the EC are conducted by the federal government and not the province, so Ontario would not necessarily be privy to all the particular representations that would have been made by Ontario companies.

With respect to the General Agreement of Tariffs and Trade issue, the issue that is presently before the GATT, as you know, is the decision by the EC to consider the practices in the alcohol beverage industry in Ontario as being in violation of the GATT. That process is that the report of the GATT committee had not yet been submitted to the GATT council, in the sense that there are still discussions going on between the federal government and the EC about the disposition of that report.

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**Mr. Pope:** Just so that I understand it clearly, is it your position and the position of this government that you are not involved in any negotiations vis-à-vis access to the European common market directly as a provincial government?

**Mr. Lavelle:** If I said that, I would recant. I said that the main responsibility for negotiating on these issues with the GATT is the federal government. In the case of the specific case that you are raising relative to the GATT panel finding, there has been participation as observers by Ontario officials in the process.

One of the positions that was taken, obviously, in the position relative to the GATT finding and the future consultations between the EC and the government, was that the Ontario government would be party to those negotiations. We have



not received any assurances that would be the case.

**Mr. Pope:** Actually, I did not pose my question in the context of the GATT; you put the context of the GATT on it. My question is: is it now the position of this government that it does not initiate or negotiate, alone, matters related to access to the European common market, whether it be quota restrictions, quality barriers or tariff restrictions?

**Mr. Lavelle:** One has to take into consideration, Mr. Pope, the relationship between the provinces and the federal government on these matters. The answer to the question is that in matters affecting the province of Ontario, there is extensive consultation between the federal government and the provinces with respect to specific items. In some cases, when there is a negotiation or discussion at the GATT, provincial officials are there to provide information and advice.

**Mr. Pope:** OK. So the answer is: "No. Ontario, on its own, is not initiating or involved in any direct negotiations with the European common market."

**Hon. Mr. Kwinter:** You are not asking in relation to the GATT; you are asking in relation to the European Community.

**Mr. Pope:** No, not at all. That is right.

**Hon. Mr. Kwinter:** This has nothing to do with the GATT at all. What you are saying is, does Ontario have any unilateral negotiations with EEC on tariff barriers, quotas, things of that sort.

**Mr. Pope:** Yes.

**Mr. Lavelle:** The answer is that with specific countries the relationship on matters of trade and tariffs is a matter that has to do in these cases with the federal Department of Finance or the Department of International Trade in Ottawa. We do have commercial interests in all those countries and we do have offices abroad which have relationships with government and on behalf of industries in certain sectors.

**Mr. Pope:** But the answer is no.

**Mr. Lavelle:** The federal government is empowered under the terms and arrangements to negotiate those arrangements with other countries.

**Mr. Pope:** So the answer is no, that the province is not—

**Mr. Lavelle:** I cannot give you a yes or no answer, Mr. Pope.

**Mr. Pope:** Why not?

**Mr. Lavelle:** It is a matter of having to take into account the relationship between the province and—

**Mr. Pope:** No, please, I am not trying to trap you. All I want to know—I understand the jurisdictional and constitutional point of view you are expressing—is whether Ontario, in its approach to the European common market, is doing it through the federal Department of International Trade and through no other direct contact, unilaterally by itself.

**Mr. Lavelle:** At the moment, our relationships would be through the federal level.

**Mr. Pope:** OK, because that is different from what it used to be. That is why I am asking the question. I can tell you that British Columbia and Quebec, and for a time in the early 1980s Ontario, directly negotiated matters of access of forest products into the European common market.

There were regulations passed by the European common market vis-à-vis the lumber industry that related to a blowdown in southern France which resulted in artificial restrictions on imports of lumber products from Canada to the European common market. There were negotiations in the early 1980s by Ontario, British Columbia and Quebec, and they were unilateral.

That is why I asked. It was not a fishing expedition. I just wanted to know if that had changed. Now those kinds of things were being done directly through the federal government.

**Mr. Lavelle:** As you will recall, in the softwood lumber case the federal government did the negotiation. The situation has not changed.

**Mr. Pope:** Can I ask you exactly the same question vis-à-vis the Pacific Rim? Is the provincial government, of its own initiative, involved unilaterally in any of those similar kinds of negotiations with respect to the Pacific Rim or is it through the federal government?

**Mr. Lavelle:** Just so I can be clear, what you are talking about with respect to the Pacific Rim is tariff reductions between Canada and Japan on a specific item. Of course, the fact is that those negotiations are conducted under the auspices of the General Agreement on Tariffs and Trade, so there would not be any particularly bilateral negotiations on tariff reduction except in a specific sector.

If it was a sector that was important to the province of Ontario, then the expectation is that the province would be involved, as it has been on wine and other matters. But the answer to you

question on whether we are involved in any direct negotiations with Japan or Korea on tariff reduction is no.

**Mr. Pope:** Or on barrier reduction, tariff or quota or other barrier reduction, the response is

Therefore, it is either directly through the federal trade ministry, or in the context of Ontario being part of the Canadian team as an observer or a participant or a supplier of information on GATT, or through the federal department.

**Mr. Lavelle:** I think one has to take into consideration, Mr. Pope, in looking at these particular questions, that you have to distinguish between matters that are in provincial jurisdiction and those that are in the federal jurisdiction. There is a matter that is clearly within the federal jurisdiction, the federal government then, in virtue of its powers, has the right to so negotiate. However, if there is a matter of provincial jurisdiction, then there is a requirement on the part of the federal government—and it is the practice in most cases—to ensure that it is acknowledged and indeed respected in those negotiations.

**Mr. Pope:** In terms of any position that Ontario took on the issue of wines, can you provide us with any documents, other than those you have already tabled in the House, of Ontario's position, or any correspondence with respect to the domestic wine issue?

**Hon. Mr. Kwinter:** We have not really been the lead ministry on that. That is really being done through the Ministry of Consumer and Commercial Relations.

**Mr. Pope:** OK, that is fine.

**Hon. Mr. Kwinter:** We were just providing information with some of the information, but they were really the lead ministry on that.

**Mr. Pope:** I wanted to talk, in my last subject matter, about the story in the paper today about the Cambridge auto decision. Were you consulted ahead of time with respect to that decision? What is your understanding of the reason behind that? What do you base that understanding on?

**Hon. Mr. Kwinter:** I assume you are talking about the Toyota plant?

**Mr. Pope:** Yes.

**Hon. Mr. Kwinter:** The only thing I can tell you is that there was a news release issued by Toyota. This is a news release issued by Toyota Motor Corp., December 4, 1900 hours eastern standard time. What it says is this:

"Cambridge, Ontario: 'Toyota Motor Corp. will put further investment in Canada on hold until it has full details of the proposed US-Canada free trade deal,' a top company official said Friday. Kaneyoshi Kusunoki, president of Toyota's worldwide manufacturing operation, told reporters the pending trade deal could influence the auto maker's decision to spend more money on facilities in Cambridge or elsewhere to supply its \$400-million plant in a southwestern Ontario city.

"'More investment is being considered,' said the president of Toyota's worldwide manufacturing operations, 'but as you already know, a lot of other factors are being considered in relation to the Canada-US free trade negotiations agreement. Those things will be all taken into consideration when a specific decision has been made,' he said through an interpreter. 'I hope whatever happens in the trade deal will not be detrimental to us and to facilities like ours.'

"Japan's largest auto maker has considered making major parts for its Cambridge-made cars in Canada, including engines and..." whatever.

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It goes on to say what it is doing. It says:

"Further spending in Canada could be swayed by at least two parts of the draft agreement, the removal of all duties in the mid-1990s between the US and Canada for any cars with 50 per cent North American content. Japan's Consul General to Japan at Toronto, Yasuo Noguchi, said that splitting investment between two countries might not make sense once duties are removed."

Then it goes on. It says:

"Toyota is aiming for 50 per cent North American content when its first Corolla rolls off the assembly line, but has not calculated what share of parts will come from Canada or the United States. Exclusion of Toyota and other Asian manufacturers from membership in the 22-year-old auto pact could also force Toyota to pay import duties of 9.2 per cent for all parts shipped from Japan for cars made in Cambridge." Then it goes on. But that is the basis of the situation.

**Mr. Pope:** Is your auto person here?

**Mr. Lavelle:** I guess that I am the auto person.

**Mr. Pope:** OK, can I ask a couple of questions related to that?

**Mr. Lavelle:** Yes.

**Mr. Pope:** Is it not true that automotive parts manufacturers and automotive manufacturers or assembly companies made dual investment commitments on both sides of the Canada-US



border two and three years ago; that they are now coming to the crunch in their decisions and they are choosing one or the other?

**Mr. Lavelle:** I am not sure that is absolutely true, Mr. Pope. What has happened is that in most cases the Japanese companies in particular have made investments in both countries. What has been determined is the size of those investments, which in terms of capital investment have been higher in most cases in the United States than in Canada, on the basis of which one would assume that they were ultimately going to try to benefit from the auto pact between the two countries.

**Mr. Pope:** Those decisions were made some time ago?

**Mr. Lavelle:** The most recent decision, of course, with respect to a major investment by Honda, for instance, was made during the summer, in which they agreed to double the size of their plant in Marysville, Ohio. The Suzuki-General Motors joint venture was made earlier this year. So those investment decisions are ongoing decisions. They are not what one would call final decisions.

**Mr. Pope:** Is it true that the size of the investment has not varied? I mean, you do not have an announcement vis-à-vis Cambridge, for instance, that they have decided to put more money into the American plant. They have not announced that.

**Mr. Lavelle:** No, they have not announced that.

What the Japanese companies are basically saying is that because of the failure of the negotiations to provide access for the Japanese companies to the Canada-US automotive agreement, they will reconsider their investment plans in Canada.

**Mr. Pope:** The North American content decision that was made some months ago is what has had more of a direct impact than the final detail of the trade agreement, right?

**Mr. Lavelle:** I do not think there has been any North American content decision made yet. We will know what is the North American content decision when the agreement is produced tomorrow.

**Mr. Pope:** It has never been discussed? I saw it in the newspapers months ago.

**Mr. Lavelle:** It is in the newspapers indicating that a decision has not been made.

**Mr. Pope:** Months ago.

**Mr. Lavelle:** There have been a number of decisions about content in the Canada-US automotive agreement part of the free trade negotiations, starting off with a request by the Automotive Parts Manufacturers' Association of Canada to have an 80 per cent content limitation.

There are indications now that they have not been able to achieve a 50 per cent direct cost processing limitation on a North American basis.

**Mr. Pope:** Let us just take the parts industry and it will be my last question. Is it not true that the decision had been made to mothball or delay the construction of parts manufacturing or assembly plants in Ontario well before even an agreement in principle on the free trade agreement?

**Mr. Lavelle:** I would have to say that is not the case. The expectation has always been and remains that the automotive sector, whether it be parts producing or vehicle assembly, it is the most dynamic sector of the Ontario economy. The fact is that the investments were made with the expectation that, conditions being correct relative to access to the Canada-US market and the auto pact, those investments would in fact be enhanced.

**Mr. Pope:** What about the Pickering plant? What about the Bracebridge plant?

**Mr. Lavelle:** I would have to say that there have been in certain cases some plant closures or restructuring, but if one looks at the figures both in production and employment in the parts industry in Canada, the figures are quite spectacular in terms of growth. In both cases, production has gone up year over year by almost 35 per cent. The employment levels in the parts industry in Ontario are at the highest they have ever been. The assembly industry continues to have an expectation of growth and that is what is being referred to in the statement by Toyota. We have every expectation that they would expand the plant in Cambridge and that is what is under review at the present time as a result of what they anticipate in the agreement.

**Mr. Pope:** OK. Thank you.

**Mr. Chairman:** I have no one else on my list. Does anyone else wish to ask a question?

**Mr. Morin-Strom:** Mr. Girvin reminds me that yesterday I asked about the St. Marys Paper investment. Certainly that is a major investment in Sault Ste. Marie and a very large investment for a company the size of St. Marys Paper worth over \$100 million—I cannot remember what it is, \$130 million, something like that—that they are putting into the new paper machine. Could you

t some background in terms of the province's commitment to that project and how essential the province's commitment was to allowing the project to go ahead?

**Mr. Girvin:** I believe that yesterday, in your response to the minister's opening statement, you asked for some background information with regard to the role the government played and whether it was essential in the light of the fact that there had been an earlier announcement.

A little bit of background in terms of the facility: It was owned by Abitibi-Price and was leased. The government of Ontario participated in a leverage buyout in terms of the private sector.

**Mr. Morin-Strom:** It was not actually closed, but they seemed to have the intention of closing

**Mr. Girvin:** It had been wound down to quite a low employment level in terms of the phase that was in. They had expressed an active interest in building that facility and there was an informal deadline, even though there was not notice to the Ministry of Labour as far as the six months' notice provisions were concerned.

The new owners are market-niche players in the calendar-paper arena, are playing with a fairly buoyant market, have been quite shrewd operators and have announced within the local community their desire to acquire a new paper machine in the calendar market-niche area. The capital project was \$130 million, extremely leveraged relative to the size of the company, and in the light of trade-remedy law and countervailing duties, approached the federal and provincial governments with regard to a guarantee in order to prevent possible action under the General Agreement on Tariffs and Trade or the bilateral trade arrangement in the light of the pulp and paper sector being reasonably sensitive as far as ongoing discussions in Washington and Ottawa are concerned.

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The amount of the federal and provincial guarantee was split 50-50 on \$30 million. There was an administrative or a standby fee. I believe the proof of the pudding about whether the governments were required or were an active catalyst is reflected in the fact that we came very close to closing the project over several months in terms of the negotiations with the banks, mezzanine financing, preferred shares, the level of debt relative to equity. The Toronto Dominion Bank put in some venture capital. I would think that the two levels of government were directly responsi-

ble for the closing of it in the light of the level of leverage and the size of the project of \$130 million.

I think there might have been some confusion because in Sault Ste. Marie there was an announcement some four to five months before the actual closing of the financing and the closing of the arrangements in which the significant pulp and paper equipment is ordered—I believe with a fairly lengthy lead time. They have made some nonrefundable deposits, but the financing of that project was far from being completed at that particular time.

**The Acting Chairman (Mrs. Grier):** Any further questions, Mr. Morin-Strom?

**Mr. Morin-Strom:** What did the province receive back in return or, for that matter, both levels of government, in terms of either equity or potential equity if there was a default on the loan?

**Mr. Girvin:** There is no equity arrangement. It is not a grant, a concessional loan or a loan. The structure is one in which the guarantee reduces along with the exposure as the mezzanine financing and long-term debt is paid down. We have a proportionate level of risk as the years go on. There is no equity proviso in terms of that. There is an administration fee on an annual basis for the \$15 million of exposure.

**Mr. Morin-Strom:** What is that?

**Mr. Girvin:** An annual administration fee on the guarantee for the \$15 million of exposure.

**Mr. Morin-Strom:** Which the province is paying?

**Mr. Girvin:** No. They pay to us.

**Mr. Morin-Strom:** This company is extremely leveraged at this point—or at least it will be by the time that \$130 million is spent—which would seem to leave it quite vulnerable. Obviously the banks believe it is vulnerable and are not willing to underwrite the loan wholly themselves. What would be the consequence if in fact the company could not maintain payment?

**Mr. Girvin:** I think the level of leverage has improved from the original proposal and that was part of the rather elongated negotiations and discussions. There is some \$28 million worth of cash equity between preferred equity and common shares in the company and the remaining is a series of debt vehicles. There is net new cash of some \$28 million on the bottom line that has gone into this company. In the negotiations with the underwriters and with the banks, the Toronto Dominion Bank took straight equity through the TD Venture Corp. It was a series of debt and



equity vehicles that the private sector was involved in.

**The Acting Chairman:** Are you finished, Mr. Morin-Strom, because Mr. McGuigan had a question. Was it to Mr. Girvin or to somebody else?

**Mr. McGuigan:** I have a friendly question to the minister. When you were down in the banana belt, specifically the rose city of Windsor, with your committee, did you take time to go out to the Ambassador Bridge and see the Chrysler New Yorkers going across from the Canadian side to the American side and view the congestion there? That bridge is plugged from end to end with trucks that cannot clear through customs fast enough. Has there been any thought given to any discussions with the federal government about improving the situation at the bridge or even a second bridge?

**Hon. Mr. Kwinter:** There certainly has not been any discussion with me. Let me ask the deputy. Has there been any discussion that you are aware of in the ministry about any perceived problems with the Ambassador Bridge in Windsor, vis-à-vis tie-ups in clearing trucks going through?

**Mr. Lavelle:** Not that I am aware of. I have not heard of that problem. Does this have to do with the clearing through customs for the parts that are going through?

**Mr. McGuigan:** I think that is the basis of the congestion, but even so, there is a good deal of interest in the area in the fact that a second bridge or a widening of that bridge is needed. When the minister is down there again, I invite him to come down and see the traffic going across that bridge.

**Hon. Mr. Kwinter:** I am very well aware of it. As a matter of fact, it is interesting to comment that the Ambassador Bridge is a privately owned bridge. Talk about selling somebody a bridge; someone did sell somebody a bridge and they have been reaping the benefits ever since. I understand it is a very, very lucrative company that owns that bridge, and every time one goes across it, it just boggles the mind that it is owned by a private company.

**The Acting Chairman:** Thank you, Mr. McGuigan. Are there any other comments on vote 1901, which is theoretically what we are discussing at this point? I use my brief moment in the chair to try to make the committee do it systematically.

Vote 1901 agreed to.

**The Acting Chairman:** The chairman will be pleased.

On vote 1902, policy and technology program

**Mr. Pope:** On the matter of policy, I wanted to talk about the auto pact. I wanted to let you get one vote through.

**The Acting Chairman:** You wanted the minister to speak about the auto pact or you are going to speak on the auto pact?

**Mr. Pope:** I was going to ask a question.

**The Acting Chairman:** The floor is yours.

**Mr. Pope:** Is there any doubt in your mind that article 7 provides for exactly the same security vis-à-vis the auto pact as the so-called free trade agreement—a one-year notice?

**Mr. Lavelle:** In terms of what the actual notification date with respect to the new FTA is going to be, I am not sure. There was some talk that it was going to be six months; there was some talk that it could be as much as a year. With respect to the one-year notification for the auto industry, I think history proves that agreement has been in place for any number of years and the notification procedures have not necessarily even been threatened in terms of the longevity of the agreement.

**Mr. Pope:** There is a one-year-notice provision in article 7. I wonder if you can tell me, therefore, whether or not you think the auto pact is any more of a safeguard to the auto industry of this province than the free trade agreement would be if it had a one-year notification period?

**Hon. Mr. Kwinter:** That is not the issue of the safeguard. The safeguard had nothing to do with the time commitment to terminate the pact. The safeguard had to do with the tariff enforcement; the safeguards were not implemented.

**Mr. Pope:** Your position is that the notification provisions of the auto pact and the FTA have nothing to do with the safeguard issue?

**Hon. Mr. Kwinter:** That is correct.

**Mr. Pope:** OK, because that is not what was heard.

**Mr. Lavelle:** The auto pact is a separate issue from the FTA. I do not think the intention is that the FTA and the auto pact become one as a result of this agreement. What has changed is that the tariffs relating to automotive parts and vehicles are going to be eliminated over a 10-year period. That is the impact on the auto pact, as the minister has said. I do not think there is any basic relationship between the two, relative to the notification procedure.

**Mr. Pope:** It is a supposition and you may choose not to answer it because it is politically motivated: Could the same results not have

crued had there been a one-year notice given under the auto pact and the Americans taken a position on a phase-out?

**Hon. Mr. Kwinter:** Again, I do not know what the relationship is. What we are saying is that in the auto pact there was a one-year termination clause of either partner. Under the FTA, there is a six-month termination clause—something to do with the auto pact. In general, the FTA has a six-month termination clause.

Our position has been that under the terms of the auto pact, which requires content, which requires sales to be tied completely to manufacturing, there were provisions that if those targets are not met, they could impose tariffs. Over the years there have been a couple of times when the threat of that has compelled one or all of the Big Three to comply with the auto pact standards.

What we are saying is that the threat we had, the whip-hand we had in order to enforce compliance, was the ability to impose that tariff. With the tariff being reduced over a 10-year period, once that tariff reduction is in place, there is no longer that enforcement mechanism.

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**Mr. Pope:** Right, and it could have been terminated by a one-year notice in any event.

**Hon. Mr. Kwinter:** That is correct.

**Mr. Pope:** So where was the safeguard?

**Hon. Mr. Kwinter:** The safeguard is that meantime it has been going for 22 years and no one has ever raised the question of termination. They certainly have raised the question of the tariff enforcement.

**Mr. Pope:** The safeguard is that the tariff enforcement rested in the auto pact and rather than renegotiate that, the Americans chose the FTA route. Is that correct?

**Hon. Mr. Kwinter:** You are sort of imposing motives that I have no way of knowing.

**Mr. Pope:** Why would they have negotiated a one-year phase-out if they did not want to do it?

**Hon. Mr. Kwinter:** That 10-year phase-out is really across the board in all of the tariffs.

**Mr. Pope:** Yes, including the automotive assembly and manufacturing industry. Obviously, the Americans wanted to do that, that is why it is in there and they could have done that by giving notice and renegotiating the auto pact. So our safeguard was one year long. How much of a safeguard is that?

**Mr. Lavelle:** When looking at the auto pact, there are two important things one has to take into consideration. One is the linkages which have

existed between Canada and the United States in which the threat of termination was not a real threat because of the nature of the industry. The industry is an American industry operating in Canada behind the safeguards to which the minister has referred, but basically benefiting a great deal by having this access to the Canadian market.

Regarding the question of negotiating the FTA, the Canadian government presumably had the right to say that with respect to the auto pact the tariffs would not be removed.

**Mr. Pope:** That would not have mattered. The Americans could have said, "Fine; if you will not do it here, we will give you one year's notice."

**Mr. Lavelle:** I think one has to assume they would have done that and there was no indication that they would have.

**Mr. Morin-Strom:** It seems to me that, in fact, the safeguard of the tariffs was effective not only in protecting the Canadian interest in terms of the content requirement; the tariff threat was the safeguard that, in fact, the United States would never tear up the auto pact. If the auto pact was torn up with the one-year notice, they would in effect be putting their own industry at risk of having to start to pay considerable duty on the parts and vehicles moving back and forth across the border. They would put a severe penalty on their own industry without sufficient time to restructure in competition.

As a result, the auto industry would in fact be penalized compared to other auto companies from other countries competing within the North American market. The tariff being in place assured us that the US government would never want to break that auto pact, even with the one-year notice, because the penalty would be being absorbed not only within Canada but by the North American producers, and the production of cars with a cost penalty on their own vehicles being sold and being produced within the United States as well.

**Mr. Pope:** That presumes that the auto pact would have been replaced by nothing—no successor agreement or anything. That is not a fair assumption to make, nor a realistic one, given the historic nature of the trading relationship.

**Mr. Morin-Strom:** Their major auto companies would never take that risk of having those tariffs put on them, and so we were effectively protected from the auto pact being broken.

**Mr. Pope:** What basis do you have for saying that?



**Mr. McGuigan:** We own a market of a million vehicles.

**Mr. Pope:** And the Americans have a market and we both have manufacturers and you presumed that the auto pact would be replaced with absolutely nothing. I am saying that is not a realistic scenario.

**Mr. Chairman:** Does the minister wish to jump in?

**Hon. Mr. Kwinter:** You have to understand that although there may be some specific areas in the United States that had some problems with the auto pact, the basic agreement between Canada and the United States was not really at issue. For 22 years it went on the way it was and everybody was happy and no one has ever suggested there was a movement to exercise the one-year termination clause.

You also have to understand that on July 3, the Prime Minister sent a letter to the Premier stating that the auto pact was not even on the table. The only reason for changes to the auto pact has really nothing to do with a free trade agreement between Canada and the United States. What it has to do with is to deal with the third-country situation. That is the basis for the change. It is not a change of relations vis-à-vis Canada and the United States. It is the stopping of the duty remission program, the exclusion of third countries from participating in auto pact status. That is why that was done.

As to the argument that the Americans could have terminated it, there was no reason. As the member for Sault Ste. Marie (Mr. Morin-Strom) said, it is to their advantage to keep that going because that allowed them to have the kind of arrangement that they have.

**Mr. Pope:** Then why are you saying now that the auto pact is being dealt with by the free trade agreement? Are you saying that neither the Americans nor the Canadians wanted it on the table, but it there anyway, by accident? Come on. If the Americans did not want it on the table and did not want issues related to the auto industry on the table, it would not have been there.

**Mr. Morin-Strom:** They have achieved the end of the auto pact by the only means possible, which is eliminating the tariffs. Unless the tariffs were eliminated, they—

**Mr. Pope:** They could have—

**Mr. Morin-Strom:** No, because this way, they get out of the auto pact with no penalty whatsoever. The threat of the penalty to their

industry will not be there, which was there long we had the tariffs.

**Mr. McGuigan:** The scenario of the member for Cochrane South (Mr. Pope) is that it would only come to zero. Presently the tariff is 9.2 per cent. Canada would say that we are putting in 9 per cent, or eight per cent, 10 per cent, 11 per cent, 12 per cent or whatever, because we own the market.

**Mr. Pope:** But the position that is being taken by the member for Sault Ste. Marie and by the ministry, as I understand it, is that the Americans negotiated automotive issues under the FTA, but they really had no interest at all in dealing with the automotive sector because they wanted to maintain the integrity of the auto pact, and that was not a position that actually happened. The Americans wanted auto issues dealt with as they dealt with them under the FTA, but they certainly did not want the status quo to remain did they?

**Mr. Lavelle:** If I could just make one comment with respect to that, I think the point has to be made relative to the negotiations that the issue of relieving or having an impact on the auto pact was done by the Canadian side. The Canadian side had the option in the negotiations to say that auto tariffs would be excluded from the negotiations and they never did say that. As a result, the tariffs are gone and the auto pact has been effectively gutted by the removal of the safeguards.

**Mr. Pope:** Did the Americans say they wanted the automotive tariffs removed?

**Mr. Lavelle:** I think the benefits of the changes that have been made are all in the Americans' favour. They are not in favour of Canadians.

**Mr. Pope:** So therefore the Americans must have presented that point of view at the negotiating table.

**Mr. Lavelle:** The decision to relieve the tariff was a Canadian decision.

**Mr. Pope:** The Americans had nothing to do with it; never asked for it; nothing? It was completely unilateral?

**Mr. Lavelle:** One cannot say what they decided in Ottawa, but the decision was made by Canada to provide duty-free tariff entry across the board without exclusion. There are certain sectors that have been excluded from that tariff reduction, but in the case of automotive, they decided to let that go ahead with the full knowledge of what that would entail.

**Mr. Pope:** You are presenting it as a unilateral Canadian government gift that was never requested by the Americans and was never one of the issues in contention. What basis do you have for making that statement?

**Mr. Lavelle:** The only basis one can make is that in the positions taken by the government of Ontario and by others, the specific request was to give the automotive tariffs in place.

**Hon. Mr. Kwinter:** We also have the statement of the trade negotiator, Simon Reisman, 56 hours before the agreement was finalized, that the auto pact was never even discussed. It was put on the table in the last minutes of the deal.

**Mr. Pope:** By Canada. That is what your duty is saying.

**Hon. Mr. Kwinter:** Let me tell you that in late September, Simon Reisman came to the Prime Minister of this country and said he could not make a deal. At that point, they had not even discussed the auto pact and he said, "We cannot make a deal." The next thing we knew, Pat O'Brien and Michael Wilson went to Washington and came back and said, "We have a deal." Finally, we have the auto pact in the deal, as is energy, both of which we had been told would even be on the agenda. We are not privy to

what went on, but something happened whereby these things were suddenly put on the table.

**Mr. Pope:** But you have no basis of knowing whether it was American insistence or Canadian generosity?

**Hon. Mr. Kwinter:** No.

**Mr. Lavelle:** But one can speculate.

**Mr. Pope:** But you are speculating for political reasons.

**Mr. Chairman:** Let us carry on the debate tomorrow. I assume you do not want to pass vote 1902.

**Mr. Pope:** We made progress today.

**Mr. Chairman:** Yes. Tomorrow, the Ministry of Housing is not available. The trade agreement apparently will not be available until Friday, I hear from a couple of sources now. One is the minister. Somebody else out in the hall says Friday looks like the date now for release of the report.

**Hon. Mr. Kwinter:** There is an ice storm in Ottawa and they say they cannot get the Washington officials up to sign it because the airport is closed, so they think it will be Friday.

**Mr. Chairman:** Therefore, we will stand adjourned until tomorrow afternoon following routine proceedings.

The committee adjourned at 6:01 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Campbell, Sterling (Sudbury L) for Ms. Collins

**Also taking part:****Pope, Alan W. (Cochrane South PC)****Clerk:** Decker, Todd**Witnesses:****From the Ministry of Industry, Trade and Technology:**Kwinter, Hon. Monte, Minister of Industry, Trade and Technology  
(Wilson Heights L)

Lavelle, Patrick J., Deputy Minister of Industry, Trade and Technology

McClure, J. D., Assistant Deputy Minister, Northern Industry

MacKinnon, David, President and Chief Executive Officer, the  
Development CorporationsSorensen, A. B., Director, Loan Applications, Northern Ontario Development  
Corp./Eastern Ontario Development Corp.

Redgrave, David E., Assistant Deputy Minister, Policy and Technology

Girvin, David, Assistant Deputy Minister, Small Business Services and  
Capital Projects



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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Estimates, Ministry of Industry, Trade and Technology

**First Session, 34th Parliament**

Thursday, December 10, 1987

Speaker: Honourable H. A. Edighoffer

Clerk of the House: C. L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 10, 1987

The committee met at 3:25 p.m. in committee room 1.

After other business:

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### ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY (continued)

**Mr. Chairman:** We will continue with the estimates of the Ministry of Industry, Trade and Technology. I think Mr. Pope had a request.

**Mr. Pope:** I think there were a number of documents that we requested production of or a response to today. I was just wondering if the minister or the deputy had an answer for us.

Second, just one very brief point, Mr. Chairman. I would request that the minister reduce the contract that apparently is still in suspense, according to the Aird report tabled in House today, the contract between his ministry and one of the companies in which one of the ministers, Mr. Phillips, had an interest. It was specifically set out, by the way, in the Aird report.

**Ion. Mr. Kwinter:** Mr. Pope caught me before the meeting convened. I have to admit I have not seen the Aird report and I do not know much about it, but I have given him my undertaking that I will provide the committee with that information.

**Mr. Chairman:** That will be for next week?

**Ion. Mr. Kwinter:** We will get it to you.

**Mr. Pope:** I am OK.

With respect to the responses to the other requests for production that various members have made, I think we were going to be told today.

**Ion. Mr. Kwinter:** Does anyone have any information as to whether Mr. Sterling will be attending?

**Mr. Pope:** I think he is just being interviewed and he should be down shortly.

**Ion. Mr. Kwinter:** Maybe I will hold off until he gets here to respond to his request.

**Mr. Pope:** OK.

**Ion. Mr. Kwinter:** I cannot remember who did for legal opinions of Blake and from Stan and Hartson. Was that your request?

**Mr. Pope:** Letters of delivery.

**Hon. Mr. Kwinter:** The information we have is that, contrary to your assumption, there were no letters of delivery. These were memoranda that were provided on a verbal request and they were just provided that way. There were no letters of transmission.

The other information I have is on increases in the policy and technology division. Do we have enough copies of this to distribute?

**Mr. Lavelle:** I do not think we have enough copies for every member. We have about 12 copies.

**Hon. Mr. Kwinter:** I have some material, but what I would suggest is that rather than my reading it into the record and taking up the time, I will just provide it so that we can have more time for other things. Is that agreeable?

1530

**Mr. Chairman:** Yes, that is fine. Are there extra copies or do you want us to make some?

**Hon. Mr. Kwinter:** There are 12 copies right there. That deals with the increase in the policy and technology division.

There was a request about the Continuing Committee on Trade Negotiations negotiations. I should tell you that the first meeting was held on January 7, 1986. There have been 18 meetings over the past two years. The next meeting is scheduled for December 12, 1987. Robert Latimer has been Ontario's chief representative. Other Ontario representatives will be provided.

**Mr. Lavelle:** Yes, what we do not have are the precise names of all the representatives who attended all of the meetings. We are going to get them and provide them for you. We could not do it by this time today.

**Hon. Mr. Kwinter:** We also could not complete a listing of all the CCTN meetings and Ontario attendants in time for this afternoon's session, but this will be completed shortly and forwarded to the committee.

I should tell you, which is sort of interesting, that material that I could refer to is in itself confidential; so it is kind of like trying to throw away a boomerang—you cannot do it. There is, though, the fact that all CCTN meetings are confidential. There is a declaration of secrecy by

Bob Latimer. I would like to read that, by the way:

"The security declaration concerning the consideration being given to my being granted access to classified information."

"I, Robert Latimer, do declare that I undertake not to make any disclosure, either orally or in writing, of classified information gained by me as a result of my membership in the Continuing Committee on Trade Negotiations to any person who in my judgement or that of my nominee does not have a need to know, who is not reliable and discreet"—they are not casting any aspersions—"and who has not been briefed on appropriate security procedures."

"I understand that these provisions apply not only during the period of membership on CCTN, but also when my term of service on the committee ends. I am also aware that improper disclosure of classified information resulting from lack of reasonable care or negligence may be an offence under the Official Secrets Act. I have been given a copy of sections 3, 4, 5 and 15 of the Official Secrets Act."

It is signed by him and it is both in English and in French.

I should also tell you that I have in my possession—the conundrum that I am in is that it itself is confidential—but I will tell you that it is an exchange of correspondence between Mr. Reisman and Mr. Latimer in which they discuss the situation regarding classification and confidentiality of documents. We have given each other an undertaking that this material would not be made available and that it would remain confidential. That is the story on that.

I think I will go ahead with the item dealing with the release of industry consultation papers, notwithstanding that Mr. Sterling is not here, and I will convey to him personally the information. The request deals with a considerable volume of material, over 40 consultations with diverse industry groups. We are not in a position to release the material immediately for the following reasons:

Release of commercially sensitive material may be damaging to specific firms and groups. The material was obtained and consultations conducted on the basis of confidence, and the release of material obtained in confidence may require the concurrence of those affected. We require time to contact the various groups and affected parties with a view to discussing and obtaining their consent to release information that may be prejudicial to their interests. The

consultations were conducted in support of specific advice to cabinet.

There is a note that the Freedom of Information and Protection of Privacy Act, which comes into force on January 1, 1988, provides for a 30-calendar-day period in which to respond to requests for information, for mandatory notice to third parties for the release of information affecting them and for the exemption of certain cabinet documentation. I give you my undertaking that we will pursue that, just to make sure that we do not find ourselves in conflict with freedom of privacy. That is an issue there.

The other question is about the tire industry. I do not see Ruth Grier here, but she asked about it. I would like to call on Dave Girvin, who can read into the record anything to do with the question that she asked about what we were doing about the tire industry.

**Mr. Girvin:** I have here a 23-page summary document of the study that Mrs. Grier made reference to in yesterday's meeting.

**Mr. Chairman:** However, that is not what you intend to read into the record.

**Mr. Girvin:** I am flexible, but maybe I could table it, if you so direct me.

This is an overview of the industry in global, North American and Ontario, or Canadian, terms. The other aspects of the study are the confidential percentage market share, financial figures and other specific issues as they relate to the five or six major tire producers in Canada, including Uniroyal, Goodrich, General Tire, Firestone, Goodyear and Michelin. Therefore, they will not be tabled. I had a conversation with Mrs. Grier and she is fully cognizant of the commercial propriety of that information.

I can table, without taking any grain of your valuable time, a copy.

**Hon. Mr. Kwinter:** We have one more document. It is as a result of questioning by Mr. Morin-Strom, and I think by Mr. Pope, dealing with the role of the Northern Ontario Development Corp. in fostering regional economic development in northern Ontario. We would like to distribute that and table it, again without taking the time to read it into the record.

**Mr. Chairman:** Are there any more goodies in your bag?

**Hon. Mr. Kwinter:** That is it.

On vote 1902, policy and technology program:

**Mr. Chairman:** We are open to any kinds of questions or comments. We are on vote 1902 of the ministry program. This is the policy and technology program. It would seem a shame to



journal the meeting before we have used up the hours. Both critics are absent right now. Perhaps the minister could tell us if there is any update on the free trade document release that we might not know about.

**Hon. Mr. Kwinter:** As you know, I indicated on the first day of these hearings that we expected to have the document at three o'clock today. Our information was that there would be a press pickup this morning and that the document would be forthcoming. I then heard late yesterday that because of weather conditions in Ottawa, with an ice storm and the airport being closed, the officials from Washington could not return with the signed document. The information that we have now is that the document will be available at 2 noon tomorrow and that we will have copies of it at that time.

**Mrs. Marland:** I have another matter when this is dealt with.

**Mr. Chairman:** Go ahead. It has been dealt with.

**Mrs. Marland:** Are you looking for a question on any matter since the critics are not here?

**Mr. Chairman:** We should stay on vote 1902, which is the policy and technology program. But go ahead, try it out.

**Mrs. Marland:** No.

**Mr. Chairman:** The chair will be flexible.

**Mrs. Marland:** I have a question for the minister. Is there any activity within his ministry interacting with our famous-infamous—"Ghermezian brothers," namely, the Ghermezian brothers in Ontario today?

**Hon. Mr. Kwinter:** I could give you a very easy answer and just say no, but we have some time, so I will give you a bit of the background as to where we are.

As you will know, and some of the people in my ministry may not be aware, some time ago the Ghermezian brothers of West Edmonton Mall first contacted me, because of my previous incarnation as a real estate developer and broker and having specialized in real estate investment and doing work on the kind of things that they did. They contacted me because they had contacted a major financial institution in Ontario, which said, "If you want to talk to anybody in the government who would understand what you are trying to do, this is the man you have to talk to." It had nothing to do with my ministry at all and it had to do with me in my personal capacity.

My first reaction was, "You should be talking either to Industry, Trade and Technology or to Tourism and Recreation." It had nothing to do with my ministry. They said: "We understand that. We want to talk to you personally, because we need someone who has some knowledge of what we are doing."

They came to see me and outlined their proposal for duplicating a West Edmonton Mall somewhere in Ontario. They also requested that I set up a meeting with them to see the Premier (Mr. Peterson) to discuss whether there was any likelihood of any kind of financial support for them.

We set up a meeting, and at that point they indicated they would prefer to deal with me because they felt I had an understanding of the kind of things that they were doing. The Premier said: "That is fine; I have no problem with that. Mr. Kwinter will be your contact with the government." So, again, it had nothing to do with my ministry. It was something where the Premier had designated me as the contact.

When we started out, they had asked for what I considered to be relatively minimal concessions. What they had asked for was help in cutting through what they considered to be bureaucratic red tape. They asked if, whatever site they chose, wherever it was going to be, we would guarantee them access to the site. They would be putting in a major development and would require access via roads. We felt that was a reasonable request, that it would be in our interest, and if they were going to create a major traffic problem, we would undertake to provide some sort of infrastructure to allow them access to the site. That was it.

We then got involved with some feasibility studies as to whether this thing made any sense. The other thing we said to them was: "We are not going to give you a carte blanche just on some speculative deal. It would have to be site-specific. You find a site. When you tell us that you have the site tied up and we know you are serious, we will address your concerns."

It was on that basis that they went about their business. We had no involvement with them in any site selection. We said to them, "You pick out the site you want." They played their normal games, saying it was going to Niagara Falls, New York or wherever it was; it was going to Mississauga; it was going here, there and everywhere. We had no involvement with that.

They finally got to the point where they had selected a site in Mississauga. The problem we had was that they had required certain information and studies from the municipality of

Mississauga. At that point, the mayor, Hazel McCallion, phoned me and said: "Who are these guys? Are they for real? They keep telling me they have talked to the province and that you are in some way supporting them." I repeated exactly where we are at this point. I told her what our involvement is.

I should tell you, in the interim, the request ratcheted up. The next thing we knew, they wanted us to buy the site, they wanted us to provide all of the infrastructure, they wanted us to provide parking facilities, they wanted us to service the site and they wanted a monorail between the airport and the site. It escalated to the tune of about \$200 million.

The city of Mississauga, which was going to get involved with some fairly expensive undertakings to study the feasibility, wanted to know, "Is this thing for real, or are we going to go out and spend some amount of money and then find that nothing is going to happen?"

It was at that stage that the mayor asked if I would meet in confidence with city council to let them know at first hand our involvement, so that they were not getting led down the garden path and getting involved in a lot of expenditure and then find that the province was not going to be doing anything or that nothing was going to happen.

It was at that point that I met with them and told them exactly what I have just told you, that this was our involvement: We would provide access to a site. We were not participants. We were not putting any money into it other than that and it would have to make sense on a commercial basis. It was on that basis they made their decision and said that unless the province got involved to a greater extent, they would not proceed.

That is where the matter is. I can tell you that I have not had any conversations with the Ghermezians—I cannot tell you exactly—certainly for longer than a year. I have had no communication with them at all.

**Mrs. Marland:** That was when it was the Ministry of Consumer and Commercial Relations you were speaking for, Minister. Correct?

**Hon. Mr. Kwinter:** Yes. I want to qualify that in that I was really speaking only because of a quirk. They had sort of singled me out as the person they wanted to talk to. It really had nothing to do with my ministry.

**Mrs. Marland:** In this ministry you now have, is no one hearing from them at the moment?

**Hon. Mr. Kwinter:** To my knowledge, the answer is no one hearing from them.

**Mrs. Marland:** To your knowledge, there is nothing going on in Ontario at the moment with them?

**Hon. Mr. Kwinter:** That is correct.

**Mr. Miller:** I think it was in the spring of 1981 that the former minister came down to visit the Delhi-Tillsonburg-Simcoe area. As you are probably aware, the tobacco situation has been very difficult. We have had several plant operations that were providing tobacco equipment. I think the minister indicated they have an overview of the overall area. I guess the question I would like to ask is, is there anything developing in that area to utilize some of the plant facilities for other manufacturing? I think one or two proposals were made. Are you aware if anything is taking place to assist the tobacco area?

**Hon. Mr. Kwinter:** I am going to refer to the question, but before I do, I have to tell you my sole knowledge of this, which I thought was quite funny. The Treasurer of Ontario (Mr. R. Nixon) who has some interest in this area, has indicated that there was a movement to grow fish—

**Mr. Miller:** Fish farming.

**Hon. Mr. Kwinter:** Fish farming on the lands. I suggested to him that would be a new industry. We would have smoked fish in Ontario. I cannot tell you what else has gone on, but I do not think he followed up on that suggestion, but the deputy may have some idea of what is going on.

**Mr. Lavelle:** I may not be able to do any better.

I can talk about it in general terms. In the Ministry of Industry, Trade and Technology, having been at meetings such as the one you talked about and others in the communities that are having difficulties economically, trying to replace industries that may have had some difficulties, in the capital projects division of the ministry we have made every effort to try to demonstrate to potential investors the benefits going into those regions of the province. Some of the major automotive investments were made with that very much in mind; being able to specifically provide additional jobs in regions that have been hit economically for a number of reasons.

Whether there is any specific move afoot that we could refer you to about existing buildings being taken over by investors, I am not sure. May



Mr. Girvin would have some more specifics about that program.

**Mr. Miller:** I would like to comment on the fish farming that is happening. There are several people who are moving into the fish-farming field. I do not know if it is going to be smoked fish. It should be trout. They have access to excellent water, spring water, because of the sandy soil conditions.

They are also using alternative crops. The Minister of Agriculture and Food (Mr. Riddell) has appointed a team to examine alternative crops in Ontario and particularly in that part of Ontario.

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They are looking at asparagus. People have organized and are looking at central marketing, which I hope your ministry might be able to assist with. They are looking at sweet potatoes. Peanuts is another. I believe they have been to the ministry looking for some assistance. They are manufacturing the harvesting equipment in Simcoe. They have made seven or eight and they are used locally. They have exported one or two to the American market because it is a different concept they are using. Rather than the American operation, which is combines—you roll it out and the combines—this is a once-over operation. The farming community is adjusting and it is going to require new equipment for the peanuts and the potato harvesters and also for processing.

Hopefully, we can assist the processing, perhaps on a smaller scale. I think that is the ideal area that can replace some of the difficulties changing times are forcing on the farmers of the area because of the drop in requirements for bacco.

When the minister was down, we had a meeting set up with the chamber of commerce and it was held at Minden Manor in Simcoe. I believe they made a report to the ministry. I do not know if they have responded or have had any response to that request. They are working along with the chamber of commerce to assist in the changing economy in the area.

**Mr. Girvin:** Building on the initiatives Mr. Miller has outlined, there have been some others. In a generic sense, the area that has been affected by the tobacco downside has been a priority in terms of the site selection group, headed by Jack Delaney, and in terms of projects coming in. They are coming in looking at available sites including the existing facilities you have mentioned, Mr. Miller.

The deputy mentioned the location of the General Motors-Suzuki facility in Ingersoll,

which although not immediately in the area, does have a draw in the Tillsonburg-Simcoe-Delhi area with some 2,200 new employees. Working closely with the Ministry of Energy and the Ministry of Agriculture and Food, we have in the last three months reviewed a proposal with a large company that would be involved in ethanol production from grain. That proposal, which was potentially located in Delhi to take advantage of the grain elevators and the infrastructure the company had, has been postponed. We were working with the other two ministries in an effort to attract that investment, which would have been a benefit in employment, but more important in terms of the agricultural base in the surrounding communities.

I believe that the director of investment and the person who has responsibility for the domestic field offices has been following up on the meeting you referred to with the local chamber of commerce in terms of a more focused plan and an emphasis on small business, as opposed to, perhaps, some of the medium-size agriculture-related manufacturing opportunities in your area.

**Mr. Miller:** There is just one other thing I would like to bring to the minister's attention. There is another huge development that has taken place with Stelco with its greenfield operation in Nanticoke. They own 6,500 acres of land and they established the steel-making plant there some 10 or 12 years ago. I think it has been in operation now for about seven years. They are serviced by only regional roads. I think there is an investment of something like \$3 billion in Stelco plus \$1 billion in Nanticoke Hydro plus half a billion dollars in Texaco. We only have access to regional roads for that area, directly to the area. Highway 3 and Highway 6 come into Jarvis.

I guess the point I would like to make is that Stelco has an industrial park of something like 3,000 acres serviced by water and sewers provided by the province. We have a provincial water intake there capable of producing 450 million gallons a day, which is enough to supply Toronto. It is just idling away. I know the industrial park I am speaking of is owned by a private company. I do not know whether they have ever been in touch with the ministry, but there certainly is a lot of potential there to develop and provide jobs in Ontario.

I listened to my colleagues. We need services in the north. I realize we do. But we have a tremendous investment and potential in this part of southern Ontario which needs access from Highway 403 to Lake Erie, a distance of about 30



miles. The plans are in place to put that road there. They have been there for 10 years at least, since 1975, but still, nothing is happening.

I listen to my colleagues from around Toronto. I know you represent the Toronto area. There is a tremendous amount of money that goes into this area to maintain transportation. I believe this can be developed so that everybody does not locate in Toronto, without putting so much pressure on this area, but spreading the pressure around Ontario.

The other thing that really puts this all together and makes it worth while down there is that we are looking for housing and the province owns the town site and services are in, with a population capability of 40,000 people. There it sits with 100 houses on it; maybe 125. I think it is a tremendous waste of our resources if we do not try to harness that.

Working with private industry, and Stelco, maybe the obvious indications were when they opened and started producing that there was kind of a downturn in our economy, but since that point in time there has been an upsurge, particularly in Ontario. But still, all that seems to be sitting dormant and not really taking off as it might.

I just wanted to bring that to your attention. I think there is the possibility that housing at a reasonable price can be provided, because the services are there, the land is there, it is owned by the province and it would be a great place to live. It just needs a little push, I believe, from the ministry. I think your ministry can play a role in that. I do not know if you want to respond.

**Hon. Mr. Kwinter:** I would love to respond. You have touched on an area that I am very familiar with and it has nothing to do with my ministry. It has never been discussed in my ministry with me, but in my private life, I had identified, because of the industrial activity in Nanticoke, that this would be a major area for both residential and industrial development.

I personally was responsible for major developments in Cayuga and Simcoe. I acted for several of my clients in acquiring lands around Jarvis, that whole area. It was perceived that it was going to become the Pittsburgh of Canada. I am sure you know that the provincial government, under the then leadership of Mr. White, went out and acquired huge tracts of land for the new proposed townsite of Townsend. Stelco and Texaco went in to build their facilities. They were to be the magnet that was going to draw all of this activity. I can tell you fortunes were made, fortunes were lost, fortunes were made, and

then, ultimately, fortunes were lost in that area. People were led to believe that there would be a government initiative and that Townsend was going to happen, that there were going to be other major industrial uses in that area adjacent to Stelco and Texaco. It just never happened.

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Two things happened: The economy took a downturn in 1982, which was a critical period for that development at that time. The other thing that happened was that a lot of workers at Stelco and Texaco decided they wanted to live in Hamilton and would rather commute than settle in those areas. You really have a situation where the building has to follow the demand and not the other way around.

You cannot go out and build houses there if they have done. They have put in the infrastructure. They have done everything, but no one wants to go there. I should not say no one wants to go there, but there are not sufficient numbers who want to go there to make it economically viable. Without knowing anything about what this ministry is doing about it, there is a tremendous amount of government money tied up down there that is not doing anything. There does not seem to be any interest on the part of other industries in settling there, because they could. I can tell you that if you want to buy a good deal, there is a place where you can get it.

**Mr. Chairman:** That is your other car now.

**Hon. Mr. Kwinter:** I am just saying nobody is doing it, and building a better road there is not the problem. People are not saying, "I'm not going to go there because I cannot get there because they can. If the development were there then the road would be built to service that development, not the other way around, because there is access. There may not be the best access but it is certainly access enough for what they have. That is the problem. I do not know. Do you know anything about this at all?"

**Mr. Lavelle:** All I know is that we have had discussions, minister, from time to time with Stelco about the utilization of its industrial park. In the course of looking at their areas for investment, we have tried to assist in that way. With respect to the highways and the access roads, we have not had any discussions recently that I am aware of unless Mr. Girvin is.

**Mr. Girvin:** Not on the actual infrastructure but because there is a shortage of serviced land when companies are looking at 200, 300 or 400 acres, that is an arena that is shown to

respective large capital investor. For example, some of the major automotive site-selection teams had an extensive visit in terms of the Stelco serviced land. The last two major vehicle-assembly operations in this province had a close look at that facility because it did have that acreage and it was serviced, along with Sault Ste. Marie also in terms of the GM-Suzuki proposal.

**Mr. Lavelle:** And many other parts of the province.

**Mr. Girvin:** Yes.

**Mr. Miller:** It is funny when you look at where all those plants are located. It is not by a regional road; it is by Highway 401. I recall when the Queen Elizabeth Way was put in and nothing was happening there except farming. I would hate to see it happen in my area, totally. But it has developed since that came about and it has just continued to change since the 1940s when that route was completed. I firmly believe, and I have done a little travelling in the United States, that our road system is all built around Toronto. Anything that happens has to go through to Toronto. I think it is time we tried to open up in some other directions in Ontario. If we really want to give small-town Ontario a little shot in the arm, we have to have good access.

I would be the last one—I even hate to see it when I go around Brampton, to see them teamrolling over that good farm land with buses like you cannot believe when there are other areas that really need some stimulation. Northern Ontario is an example. We are trying to make some moves there that will be useful, but I think we have to make some moves in southern Ontario to harness the investment that we have. I guess that is the point I would like to make.

**Hon. Mr. Kwinter:** I would like to respond to what just before you leave it because you mention the fact that if you had a Highway 401-type road down there it would stimulate development, and it would not. The reason it would not is that although the 401 is a great highway, its main attribute is not the fact that it has multilanes. The main attribute is that it connects point A with point B. When you go to Nanticoke, it does not connect with anything. It is a dead end. I do not mean that in a negative sense, but if you go into Nanticoke you have to come out the same way.

**Mr. Miller:** To give you an example, those steel trucks are rolling from Nanticoke into Hamilton. Where do they go through? They go through Jarvis. They go through Hagersville. They go through Caledonia—right through the main part of town—hammering the hell out of the

pavement and the sewer works underneath it. They are drawing 60 tons. You say there is no growth. We have lots of activity because it is an excellent steel plant. It has really put Canada in a good position for export trade because it is first-class steel, and they have no problem marketing it because it is quality. Quality is important today.

The other thing that we could service and open up, because the road goes right by, is the Mount Hope airport from Hamilton. I know my friend Shirley, who is sitting right here behind me, and Lily Munro, we met with the—

**Mrs. Marland:** Was.

**Mr. Chairman:** She's left you, Gordon.

**Mr. Miller:** Pardon me?

Again, the government of Canada has put in a first-class airport and we have a 50-cent road to get to it. It would be a connecting link with Hamilton and that part.

Then, of course, we need the other access along the north shore of Lake Erie, which I was not really going to discuss with you, but with the Minister of Transportation (Mr. Fulton) at some time in the future, to hook up with Fort Erie and St. Thomas. I can remember when Highway 3 was the main route between Windsor and Buffalo, and every six miles they had a little gas station with some cabins there. All the traffic on the road in the summertime was American-licensed. They had those little stopovers and they built those up, but they are all gone now. That is an era that we have gone through. I remember there was one at Erie, there was one at Jarvis, and there was one at Simcoe where they had cabins and you could stay overnight. They were the same as motels today, only they were in a different era.

They all come down now off the Fort Erie bridge, they go down through Burlington, go on to the skyway, which we had to twin, and then back on Highway 403 to Toronto. As I say, it has pulled the traffic in the direction of those highways. If we really want to develop Ontario, it cannot only be done that way. I have made reference to the United States. We have spent some time there, and those roads were put in by the federal government and the US working together. A lot of them are toll roads, but it is great driving on them and it is a great system to open up their communities and to get them from point A to point B without going through the little towns. That is what we need.

**Mr. Chairman:** Thank you, Mr. Miller. The northern members here appreciate your support, I can assure you.



**Mr. Leone:** This is related to vote 1904.

**Mr. Chairman:** We are on 1902.

**Mr. Leone:** OK.

**Mr. Chairman:** But we are being pretty lenient. Why do you not to ahead?

**Mr. Leone:** I want to make my time worth while here. Otherwise, I do not know. I will start to feel guilty about the pay I am getting here.

My question is regarding the international operation. In the last month of the two months I have been around here, free trade has been the major topic. I think that gives us a reason to start to look—as many people have said—at global trade, which, in my opinion, is very important. I can tell you of some personal experience in Italy. This is why I am asking now. Last year or two years ago, the government created the new Ontario House in Japan, and there is a program for expansion to look in those areas for our exports.

In Europe, we have Ontario House in London, and we have one in Paris. There was one in Italy in the north.

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**Hon. Mr. Kwinter:** In Milan.

**Mr. Leone:** Milano. It was there for five or seven years and then it was closed. I do not want to go into the reasons; probably there were reasons for the government to close it. But from my personal experience there, from talking with politicians and business people, I feel that for the Mediterranean area—and now I am speaking for Italy—an Ontario House would be a great benefit to our province.

I have to tell you that Quebec has a Quebec House in Milan and also an Hydro-Québec representation. I think that Ontario representation there could be valid. There is ground to start to create this kind of interaction, not only for us to export to them over there but to try to get Italian firms into Ontario, and to try to combine partnership and twinning situations. This is especially true, because, as we say, we have to start to consider if this trade deal with the United States is going to reduce jobs or not.

With this in mind, with my personal experience and knowledge, I would like us to pay some attention to the use of all the ethnocultural groups. You know, Mr. Chairman and Minister, that I have been involved in the Canadian Ethnocultural Council for many years, and I can tell you that in the last 10 years, many times we have told the federal government, and the provincial governments when they were present, of the necessity and the benefit to use Canadians

who were born in other areas, to use their experience, their knowledge and their expertise to be the liaison. We should use these people. We have here to open up the doors of their own countries, and the entry would be much easier.

When we speak, naturally, to the Department of External Affairs, they make it very difficult. They have to follow certain rules, and that is one of the reasons, sometimes, that these houses, if this representation fails. For example, in Italy during the last three or four years when there was an attempt to invite Italian firms to come over here, I was told that representatives of these firms were supposed to be fingerprinted. You can imagine that just for this reason, people did not want to do this type of thing.

I was speaking with somebody at the embassy in Milan, and he told me, "The moment we have these people that they have to go through the immigration process of this nature, they are offended." So these are the things we must try to solve with External Affairs and find a procedure to use when we want this kind of people here whom naturally we cannot consider as immigrants.

Second, use people like me who know people there; we have so many in our ethnocultural communities. I am not speaking only for myself. It has been proposed many times from the ethnocultural association. I think these are the areas that we can expect to benefit Ontario.

In this regard also I would say we should share our expertise with other nations and organizations and again—I have to bring my own experience—try to exchange between countries the expertise of people who are capable of creating new industry, all classes of things, and in that way we would help in creating new jobs and opportunities here.

In Italy, again, that is the only experience I have, so you will have to forgive me, but there are many organizations where there are people with these qualifications. If you go to them with some kind of programs and invite them here, they would come here and teach some aspects of their expertise, and they think this will benefit us.

I think these are the two points I wanted to comment on.

**Hon. Mr. Kwinter:** Mr. Leone, I welcome your comments. I should tell you that the Ministry of Industry, Trade and Technology maintains 14, soon to be 15, trade offices around the world. We have one in each of London, Paris and Frankfurt. We have six in the United States—in Boston, New York, Dallas, Chicago, Los Angeles and Atlanta. We have several in



cific Rim—in Seoul, Singapore, Nanjing, Tokyo, and very soon now in New Delhi, India, and Hong Kong as well. We used to have an office in Milan; we had one in Belgium; we had one in the Scandinavian countries.

You have to understand that we are not a sovereign country where we are virtually compelled to have representation everywhere in the world. But, we have to take a look at the cost benefits, because we do not have unlimited funds to have offices in every area in the world. It was decided long before my time, that, for whatever reason, Milan would be closed down, and its responsibilities would be covered by the Paris office. We have allocated to two or three European offices responsibilities for all of the countries in Europe. Out of London, they look after Scandinavia. Out of Paris, they have Spain, Portugal and Italy. That is it. Frankfurt has responsibility for Israel, Turkey and those various countries.

Because we do not have a physical presence there does not mean that we do not have an interest in those countries. It is just a matter of getting the best cost benefit for the moneys that are expended, and these particular operations are quite expensive.

I should tell you that, notwithstanding that we do not have the physical presence there, we are very active in Italy. I have met with various groups, and virtually two or three times a week, I have visitations from ambassadors of all these countries. This morning I met with the ambassador of Holland. There is not a week goes by that there is not an ambassador of one of these countries in my office.

On top of that, I recently had a meeting with ENI, which is the vast holding organization in Italy that controls Alitalia and half the industries in Italy. We are doing several joint ventures in Ontario with Italian companies and we are very active. What you say is valid. We welcome anything that will establish links with these various countries. If we can use Italo-Canadians who have contacts to expand our trade, we welcome that. Anything you can do to further that end would certainly be welcomed by my ministry.

I just wanted you to know that we are constantly monitoring what we are doing to make sure that we are acting as effectively as we can in these areas, but we have to prioritize because of the constraints of fiscal responsibility. I do not know whether you have any history as to why the Milan office was closed, but someone in here may know.

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**Mr. Lavelle:** I think what the minister has said is quite correct. From time to time, not only has the Ontario government had offices in Milan, but it has had offices in South America and other places. Most recently, in Philadelphia, the decision was made for one reason or another to close the office and to consolidate the resources in another office. In the case of Philadelphia, it was the New York office.

In terms of the decision to close the office in Milan—I was not around, either, when that decision was made—it had to do with the economic climate in the European community and in Italy at that particular time, and there were some other factors. Of course Mr. Tony Santamaura, who was the head of that office in Milan, is still a member of the Ministry of Industry, Trade and Technology, and he keeps up a lot of the very valuable contacts and communications that he established there.

I would add that in terms of the program arrangements for that area, there are a lot of trade missions and incoming missions, as the minister has pointed out. Certainly, in terms of looking at the areas of activity, it is one that we are watching, from the point of view of what we should be doing in the future.

**Mr. Wildman:** I have probably only one small thing in common with the former member for Rainy River, Patrick Reid, in that from time to time when we were doing estimates, he actually used to like to look at the numbers in the estimate.

**Mr. Chairman:** He was cheap too.

**Mr. Wildman:** So I would like to do that now. In looking at vote 1902, there are two numbers that attract my attention. On item 2, strategic planning and co-ordination, it appears you have almost doubled your spending. In item 4, though, technology policy and development, there is a significant cut, or it looks as if there is. I would appreciate it if you would give me some explanation of those changes in your spending in those areas.

**Mr. Lavelle:** In looking at this area of policy and technology, and what has happened since the estimates of a year ago, what has happened in a number of areas is that there has been a reorganization of the ministry, in which some of the programs have been moved from one division to another.

In the case of policy and technology, as we explained earlier, relative to the increase in the expenditures there, the reasons are twofold. One

is the question of moving the technology centres in under that particular vote, which was in the neighbourhood of \$19 million. In these cases, both of which are in the strategic planning co-ordination branch, there has been an increase in the staffing and personnel and that makes up some of the increases in the expenditures.

**Mr. Bronskill:** The technology centre for northern Ontario, the Ontario Centre for Resource Machinery Technology, has moved to northern Ontario. This reduces the amount of the technology fund.

**Mr. Wildman:** That is for the record?

**Mr. Lavelle:** Yes. What Mr. Bronskill was pointing out was that the northern technology centre was moved from there to under the vote and item for the assistant deputy minister of northern industry. The rest of the technology centres are in there.

With respect to specific spending increases on programs under that area, I cannot identify any significant ones under the strategic planning co-ordination division.

**Mr. Wildman:** That is a significant increase. You said it was in terms of staffing. Could you give me some idea of the numbers of people involved in that area?

**Mr. Lavelle:** Yes, we will get that figure for you.

**Mr. Chairman:** Anything else?

**Mr. Lavelle:** There is a staff of 12 in the strategic planning co-ordination branch of the Ministry of Industry, Trade and Technology.

I guess one would also have to question whether any of the consulting contracts would have come out of that particular vote.

**Mr. Bronskill:** Not for the northern fund; for the northern conference of a year ago.

**Mr. Wildman:** The infamous.

**Mr. Lavelle:** I hesitate to raise that as an item, but in the preparation for the northern conference, infamous or not, there were a number of studies that were commissioned that would have been part of the strategic planning branch of MITT. They would be in that estimate as well.

**Mr. Wildman:** I see. How much of those funds were expended on the studies about the possible impact of the Mulroney-Reagan deal?

**Mr. Lavelle:** I cannot tell you precisely. As I recall it, we had an item which was provided for a study that was in the neighbourhood of \$500,000.

That was under the vote of the policy and technology division. It would not have been

under this strategic planning division. It would have been under the vote of the assistant deputy minister of policy and technology, Mr. Redgrave. I am not entirely sure what portion of that has been expended at this time.

**Mr. Wildman:** But you budgeted \$500,000?

**Mr. Lavelle:** Yes.

**Mr. Wildman:** That is interesting. I would appreciate it if you could find out, or at least give the committee some numbers as to why there is doubling. I am not necessarily opposed to this obviously, but I would like to know what you are spending it on. If you only have a staff of 12 unless they are all very well paid, I do not quite understand it.

**Mr. Bronskill:** The major increase seems to be the increase in the staffing that was provided for that new section. It was a new group that was established. I think you will find that the major increase, approximately \$500,000 of it, was due to the staffing that was assigned to that unit.

**Mr. Lavelle:** I think they got increases that are somewhat different from the one that we might be getting in the near future.

**Mr. Wildman:** Could you give me a little latitude, Mr. Chairman, since you extended that privilege to Mr. Leone?

**Mr. Chairman:** He is a new member, but okay.

**Mr. Wildman:** I would like to ask a similar question with regard to vote 1903. If you look at item 5 under that vote, industrial assistance there is a significant cut from the estimates of the previous year. The estimates of 1986-87 were—

**Hon. Mr. Kwinter:** Item 1903(5).

**Mr. Lavelle:** Vote 1903, item 5.

**Mr. Wildman:** Yes. The estimate of 1986-87 was substantially higher. This is a \$21-million cut.

**Mr. Lavelle:** I think Mr. Girvin will be able to give you the details. That item has a high degree of escalation based on the year in which certain projects come into being and are funded, so in one year they can go down substantially as opposed to what the figure might be the next year; but in terms of the details, perhaps Mr. Girvin would be able to give you those.

**Mr. Girvin:** Building on the deputy's answer as far as the specifics are concerned, this is not a pool of capital that is funded one year ahead and is necessarily drawn down. The Ministry of Treasury and Economics will top up again; memorandums of understanding and legal agreements that have been approved with an order in



council and, therefore, would vary depending on what the estimated disbursements would be on a cash basis for that year.

If one is looking at the changes between the three years that are there, the first year would reflect some change in terms of the distribution from the Board of Industrial Leadership and Development, in which the funding resided in Treasury, to the line ministries, whether that be the Ministry of Industry, Trade and Technology, the Ministry of Tourism and Recreation or the Ministry of Energy, etc. Then, in 1986-87, you had a fairly high level of disbursement relative to approved agreements that were in place from the previous 12 to 18 months as far as industrial assistance on the large capital projects is concerned, which could vary from the Collingwood Shipyard restructuring to MBB Helicopter Canada Ltd., some of the automotive and some of the northern development projects. So it does fluctuate against the approved capital authorization as far as order in councils with cabinet are concerned.

**Mr. Wildman:** Do you monitor the cost per job in terms of the employment stimulation attributed to the industrial assistance that is being distributed by the ministry?

**Mr. Girvin:** Not on a generic basis, but on the individual proposals. Whether they are recommended or not recommended, one of the criteria, in terms of the summary sheets and the write-up itself, obviously has a component that reflects that, along with regional development, etc. The capital projects vary depending on the specific sector in terms of the cost per job. But I do not have an overall cost per job relative to the capital base on a year-to-year basis.

**Mr. Wildman:** In terms of various types of industrial activity, do you have a rule of thumb that the ministry looks at as a particularly good amount per job that you are able to weigh against each project?

**Mr. Girvin:** Yes. What we do, basically, is take the net present value or the grant equivalent of whatever—the concessional loan, forgivable loan, whatever the vehicle is that one is negotiating—and we bring that back into a common denominator on a cost per job. The range could be as low as \$5,000 per job, or could be as high as \$30,000 or \$35,000, depending on the nature of the individual project or sector.

**Mr. Chairman:** Thank you, Mr. Wildman. Mr. Morin-Strom, on vote 1902.

**Mr. Morin-Strom:** Do you want to vote on that?

**Mr. Chairman:** Are your comments on that?

**Mr. Morin-Strom:** I have questions on the technology centres.

**Mr. Chairman:** Sure. Go ahead.

**Mr. Morin-Strom:** The minister never mentioned them, I do not believe, in his comments; at least I cannot recall. They used to be one of the flagships of the ministry that seem to be dying off.

**Hon. Mr. Kwinter:** No, not dying off; just having another incarnation.

**Mr. Morin-Strom:** What is your intention for the future of the technology centres? Are they going to be privatized? What is going to happen to them?

**Hon. Mr. Kwinter:** If I can talk to that issue on a general basis, the decision of cabinet is that they are to examine their operations and get themselves to the point where they become more cost-effective and produce a pay-as-you-go situation. There is a report being done at the present time for cabinet on the various tech centres as to what is going to happen. Some will undoubtedly be privatized; some will be maintained as they are; some will be folded into other institutions.

I am thinking particularly of the possibility of one in Peterborough where there is a duplication and there is a desire to move it into the community college. But we do not have that report. We have not made those determinations yet. This is something we are working towards.

It is also important to know that when they were first conceived, they were, in fact, to have a sunset clause in there to last for five years, and then they were to find a life of their own. That is really where it is at the present time.

**Mr. Chairman:** Would the member for Sault Ste. Marie (Mr. Morin-Strom) allow the chair to—

**Mr. Morin-Strom:** Place a supplementary?

**Mr. Chairman:** Yes. First, I do not remember that sunset aspect, and I was here when they were created.

**Mr. Lavelle:** There was a sunset provision in the technology centres, written into the act.

**Mr. Chairman:** OK. I stand corrected.

**Mr. Morin-Strom:** Written into the act?

**Mr. Lavelle:** Into the regulations.

**Mr. Chairman:** Oh, OK.



**Mr. Morin-Strom:** They were based on five-year funding and the target was 50 per cent self-sufficiency after five years, which does not sound like the end of your life, if you only have 50 per cent self-sufficiency.

**Mr. Chairman:** I do not remember that being part of the debate when they were created. Anyway, it was not in the act; it was just in the regulations.

**Mr. Lavelle:** Let me just try to explain. It was a requirement. I thought it was in the act, but the basis of that was that before the five-year period was over there would be a sunset provision in which the future of the centres would be examined and a determination made as to their future. There was also the expectation—having been at that time a member of the board of the Ontario Centre for Automotive Parts Technology—that the centre would have a life expectancy of only five years.

**Mr. Chairman:** How many years is it now? Do you remember?

**Mr. Lavelle:** We are coming up to the end of the five years. It has been extended for two years to the end of December 1988.

**Mr. Chairman:** What has been? Their life?

**Mr. Lavelle:** Yes, the regulation.

**Mr. Chairman:** So they are suffering from a terminal illness?

**Mr. Lavelle:** No. It was agreed that in that period of time, the government would give them the time and the financial resources to determine their future in concert with the government, and that process has been going on for almost a year.

**Mr. Chairman:** I did not understand; who was doing the report on them?

**Mr. Lavelle:** It is being done by the centres themselves in conjunction with the Ministry of Industry, Trade and Technology. In other words, they are preparing their own—

**Mr. Chairman:** Epitaph.

**Mr. Lavelle:** No. Their own plans for the future, and making recommendations as to how they would wish to proceed.

**Mr. Chairman:** In the one in Sudbury, the Ontario Centre for Resources Machinery Technology, there is some real anxiety about its future there. Most of us feel that, if they are not doing what you think they should be, have we ever got some suggestions as to how they should be functioning in terms of mining machinery, for example, and actually getting in there and moving, shaking and making things happen. It

sounds as if that is the kind of thing they have a opportunity to comment on to the ministry.

**Hon. Mr. Kwinter:** Absolutely.

**Mr. Lavelle:** Absolutely. The centre in Sudbury has been a particularly interesting case in that it developed not into what its original mandate was supposed to be, but into a venture capital organization, unfocused in terms of what it was supposed to do in the north or in any other part of the province. It was seeping down into southern Ontario in terms of financing, and Mr. McClure and the rest of us have been attempting to try to refocus its mandate. Certainly, on suggestions, I am sure the minister would agree would be more than welcome from you and from anybody. We want to see that centre be very successful.

**Mr. Morin-Strom:** So at this point the centres are preparing proposals, I guess you might say in terms of where they think they should be going in conjunction with the government. What level of funding do you anticipate providing to the centres for the next several years?

**Hon. Mr. Kwinter:** Every one is going to have to be done on an individual basis. If they can make the business case as to why they should be privatized, there may not be any requirement for any funding. On the other hand, there may be a situation where, if they do become privatized and if we feel there is a segment, a small or medium-sized business, that may not be served adequately, we may have to continue funding so they can continue to service that particular sector.

As I say, everyone will have to be on an individual basis, and we will have to make a determination based on the proposal, but certainly we are not going to just walk away from it. We will make sure they maintain some viability whatever incarnation they take.

**Mr. Morin-Strom:** Is it possible that some of them would be merged with the centres of excellence? Are they going to be totally independent?

**Hon. Mr. Kwinter:** I cannot foresee that there would be merged with the centres of excellence. The centres of excellence are a totally separate program, and they are doing what they are doing. I do not know whether these things have a role in the centres of entrepreneurship.

1640

**Mr. Lavelle:** It could be. One thing I would like to say in terms of the technology centres that I think in most cases the centres have played a very important role, for the reason that the

were originally put in place. The question was as to the relationship that they would have to their parent group and to other aspects of the private sector. It was always envisioned that the private sector would play a greater role and that the government's role would diminish over a period of time. I do not think any of us in the ministry would take the view that the centres have not played a very important role in the areas in which they were designed to participate, but the question that is now before the government and before the minister is, what is their role in the long term?

In so far as the centres of excellence are concerned, it is an entirely different type of program, and I do not see any particular relationship there. It is a step forward in that respect.

Vote 1902 agreed to.

On vote 1903, small business, services and industrial assistance program:

**Mr. Chairman:** I wonder if I could ask a question on behalf of another member who is not here now. Mrs. Marland wanted me to ask the minister if the ministry had been approached by a local Ontario consortium with a proposal for a hydrofoil transportation system to use along the Lake Ontario shoreline, I think for commuting purposes, between Hamilton and Toronto. If so, what is the status of the government's response, and is there any possible support?

**Hon. Mr. Kwinter:** I, personally, have not been approached.

**Mr. Lavelle:** And I am not aware of any such proposal.

**Hon. Mr. Kwinter:** Does anybody out there know anything about this? No?

**Mr. Lavelle:** They are all shaking their heads. We have not heard of it.

**Hon. Mr. Kwinter:** I have not heard of it. Wait, we have a bite.

**Mr. Chairman:** Will you come up to the table if you are going to respond, please, so Hansard can get your comments.

**Mr. Lavelle:** This is David MacKinnon, president of the development corporations.

**Mr. MacKinnon:** My recollection is that about six months ago, a proponent of a project along those lines did approach us for a discussion. I do not believe any representation has been made on a specific proposal, but the idea did come up. There was a discussion with the project's proponents and I think, as I recall, the idea was for something that would essentially

serve the commuter market in the metropolitan area extending certainly from Oshawa in the east, and I am not sure how far it extended to the west. My recollection is a little rusty, because I had a second-hand report of the conversation, but there was such a conversation.

**Mr. Chairman:** It has gone nowhere, as far as you know, since then?

**Mr. MacKinnon:** I have not heard of it since.

**Mr. Chairman:** OK. I will pass it on to Mrs. Marland.

**Mr. Morin-Strom:** Under the service-sector portion, there is a big change in the estimates, percentage-wise. You are up by several hundred per cent on an item which is primarily salaries, wages and services.

**Mr. Lavelle:** It was announced a year or so ago that the government would create a service-sector secretariat, and that estimate is to reflect the fact that the secretariat is now in place and has been staffed. Essentially, those are the financial resources of that particular sector of that division.

**Mr. Morin-Strom:** What do they focus on? The service sector is pretty big. What areas of the service sector?

**Mr. Lavelle:** You will recall that a year or so ago, Mr. Radwanski produced a report on the service sector in Ontario, published by the Treasurer of Ontario, which identified in many cases the fact that the service sector was the creator of a large number of jobs in the province, and gave some indication of recommendations as to what the government of Ontario should do to try to focus its programs, its advice and its input from that sector into government policy.

The response from the Ministry of Industry, Trade and Technology was to establish a service secretariat to broaden the application of our activities right across the whole spectrum of the Ontario economy. The ministry has had the reputation of being only in the business of industrial assistance and providing loans through the Ontario Development Corp., and not necessarily that of being in touch with this whole big sector, which was not as well represented as it should be. The attempt by the secretariat is to start to build the database, the relationships with some of the industries, the trade associations, and to provide information input into government policymaking, and that is now under way.

**Mr. Morin-Strom:** Does it include the tourist sector? Have you taken responsibility for tourism now, for example? Or is it financial services, or what areas of the service sector?



**Mr. Lavelle:** I do not think we are attempting to represent the service sector; that is reflective of what other ministries do. We are trying to co-ordinate policies within the government, provide information to establish relationships. We do not have responsibility directly for the tourist industry or for the financial institutions, financial services.

**Mr. Chairman:** In the description of the program, you refer to targeting sectors. Perhaps I could address this question to Mr. Lavelle. Do you think you will ever do for the mining machinery industry what you did for auto parts—in other words, make it a healthy industry?

**Mr. Lavelle:** I guess the role of the government of Ontario, and particularly the ministry, is to identify all those sectors that should be as successful as the auto parts industry or many other industries. Saying that and getting all of those sectors to be as successful is a little more difficult.

**Mr. Chairman:** No, but the reason I say that is that we know Canada is the world's number one importer of mining machinery. We have a huge domestic market and yet we do not have the industry. I am not suggesting that I expect the Ontario ministry to create one by snapping its fingers, but it just seems to me that when there is a vacuum there that is so easily identified, is there not something that can be done about it?

**Mr. Grossman,** when he was minister of this ministry—to give the devil his due—actually started to do something. I will tell you what he did, and I give him full marks for it. He identified a lot of heavy import sections of machinery—it was not just mining machinery—and he had a form of trade show in which the imported materials were laid out and potential investors, manufacturers and existing manufacturers in other areas were invited to take a look at that and say: "Look, is there not a market here that you can fill? Can you not do something about this? These are imports." At that point, they were not talking about giving grants or anything like that. It was just encouragement to replace all those imports, for obvious reasons for Ontario.

I thought it was a good initiative. I do not think anything happened after that, to be fair. I stand to be corrected by the minister's officials, but I do not think much happened after that. But I thought it was a really good initiative that he took.

**Mr. Lavelle:** If I could, obviously the establishment of the centre in Sudbury was an attempt on the part of the government of the day to follow up on those particular initiatives. I think if we go back over some of the reports we have

seen with respect to the northern conference and some other reports, the difficulty is getting the industries to buy or to source in Ontario as opposed to buying off the shelf in some foreign country such as Sweden or Norway.

In the work that is being done with the Premier's Council, the hope and expectation would be that the idea of having more of this kind of machinery produced in Canada, and in Ontario in specific terms, would be one of those aims, to build up that critical mass so that the companies could survive. Some of those discussions go on but, as you can see, it is not easy going.

**1650**

**Mr. Chairman:** I think it is almost a \$1-billion deficit.

**Mr. Lavelle:** The deficit across the board in machinery and equipment continues to escalate even though we are major users of those products.

**Mr. Miller:** Do you have a figure on that?

**Mr. Lavelle:** I am not sure what the precise figure is, but our deficit in machinery and equipment is in the range of \$4 billion or \$5 billion a year.

**Mr. Chairman:** Nobody is expecting all imports to be replaced, but there is an opportunity to be selective where we have got a big domestic market and to do something about it.

**Mr. Lavelle:** On another issue having to do with medical devices and certainly that whole section of purchasing, which is now mostly imported, we are attempting to come together with the federal government and other governments to develop policies that will encourage that to be done in Canada.

Vote 1903 agreed to.

Votes 1904 and 1905 agreed to.

On vote 1906, Ontario Development Corp. program:

**Mr. Morin-Strom:** I would like to ask about some of the figures in here. I notice that there are some rather drastic swings in some of the plans here. For example, the Innovation Ontario Corp. went from \$5 million up to \$12 million. Over the year before, there had been a drastic increase: Ontario Development Corp. went from \$11 million to \$23 million while some other categories were going down. Are these just adjustments of financial figures or are there some major directional changes going on?

Let us talk about Innovation Ontario. What is happening there?



**Mr. MacKinnon:** OK. Perhaps I could run through the—

**Mr. Morin-Strom:** It is just being phased in, what is it replacing?

**Mr. MacKinnon:** Innovation Ontario is a venture seed-capital investment operation which we started up at a fairly reduced scale in the fall of 1986. In the latter part of 1986, in December or January of this year, we moved it up to its full scale of operations. So the funding changes that you see reflect that two-step process.

At the moment, my recollection is that the corporation has made about 60 pre-venture capital investments in that period of time and has now reached a mature stage, so there should not be major changes of that kind in the future.

**Mr. Morin-Strom:** In other words, you have made all the investments you are going to make.

**Mr. MacKinnon:** No, I mean major changes in terms of the year-over-year change, the differences between the figures. It is now a mature program at its normal operating level, and funding patterns will reflect that.

**Mr. Morin-Strom:** Has it replaced, essentially, some of the others?

**Mr. MacKinnon:** Most of the others are only just adjustments. We can go through them in some detail, but perhaps I can talk about areas where there are major changes that are of operational significance, and maybe deal with it in exception. Would that be agreeable?

**Mr. Morin-Strom:** Yes.

**Mr. MacKinnon:** First, of course, as you can see in some of the papers that we distributed earlier today, there have been the changes in northern Ontario. Those reflected substantially increased levels of activity in northern Ontario.

**Mrs. Atherton:** You specifically talked about the Ontario Development Corp. vote, that there was a large swing. That actually reflects the Innovation Ontario funding that was initially approved under the ODC vote. This year there is a separate item for it. Do you notice Innovation Ontario Corp., vote 1906-4? That is part of that swing, part of that difference, part of that change.

**Mr. Morin-Strom:** That is part of the discussion in line 1?

**Mrs. Atherton:** Yes.

**Mr. Morin-Strom:** That has gone into line 4?

**Mrs. Atherton:** That is right.

**Mr. MacKinnon:** Most of the others, I think, reflect in your adjustments and moving adjust-

ments back and forth between various subcomponents of the vote: the operational patterns, aside from the more rapid growth of programming in northern Ontario, the startup of Innovation Ontario and overall pressure on lending budgets. I think those are the major areas of fundamental changes in the program.

**Mr. Morin-Strom:** One of the things that seem to have happened over the past few years as I have watched what has happened, particularly with the Northern Ontario Development Corp., is that we have had difficulty in ever meeting what was in the estimates in terms of actual expenditures. It appears that that happened again in this past fiscal year, where the NODC 1986-87 estimate was \$3,084,900, but the actual expenditure was only \$1,972,211. So you are well over \$1 million under there. I notice down further, under "Northern Ontario Development Corp., the Development Corporations Act," where you were also more than \$600,000 below what the estimate was for the year.

Are there insufficient projects going on in the north to meet the budget you have provided?

**Mr. MacKinnon:** I will ask Mrs. Asherton to comment on that in detail, but at the moment, in terms of decision-making, the important figures for us are the commitments to lending decisions made in the north. It takes some time for the full effects of those lending decisions to flow through in terms of actual cash disbursements.

The paper we distributed earlier today—

**Mr. Morin-Strom:** I do not have a copy of that.

**Mr. MacKinnon:** It was tabled. We did table it.

**Mr. Lavelle:** Here is another copy of it.

**Mr. MacKinnon:** This paper reflects the current state of decision-making with respect to the programs in terms of commitments, which are the upfront decisions. As you can see there, they show that in all our activities in the north, they are rising very fast, not only in absolute terms relative to the base of the program but also in relative terms, particularly relative to southern Ontario. There also, of course, are two startup programs, new ventures and Innovation Ontario, which were not reflected in previous years.

So what we are seeing here—and perhaps you can comment in detail—is the financial flow-through of decisions made previously. In our current situation, we are actually funding northern Ontario to some degree from our southern Ontario allocations rather than the reverse.

1700

**Mr. Morin-Strom:** That was not the situation going into this year, though.

**Mr. MacKinnon:** As I can see in the figures there, the pressures on our lending programs in northern Ontario are quite considerable.

**Mr. Morin-Strom:** I do not know what page you are referring to, where these pressures are. All I saw, the only actuals I see, are the 1986-1987 figures, which had you well under the budget.

**Mr. MacKinnon:** I wish I were an accountant. Perhaps I could just run through this and Mrs. Asherton can reconcile the figures in a moment.

In terms of the actual activities in the north, the best description of what is happening is perhaps on page 3 of the paper we distributed. You will see, arranged by fiscal year for most of the decade, the number of the loans/guarantees that we have issued in the north, the amounts involved, the amounts involved per capita and the jobs generated as a result. In 1986-87, as compared to 1985-86, for example—

**Mr. Morin-Strom:** But is that just the north?

**Mr. MacKinnon:** That is northern Ontario, NODC.

**Mr. Morin-Strom:** Where does it say that anywhere?

**Mr. MacKinnon:** Well, it says it is for NODC.

**Mr. Morin-Strom:** I do not think so. Am I looking at the wrong paper? It says, "Estimates Review of Development Corporations of Ontario."

**Hon. Mr. Kwinter:** No, you have got the wrong paper.

**Mr. Morin-Strom:** It will help if we can get the documentation.

**Mr. MacKinnon:** It is page 3 of that paper. This is the more precise information because this reflects the actual decision-making, not the financial consequences, which can show sometimes years later. So when I say "pressure on our current lending budget," you can see what I mean in that table. Again, as I said, the number of loans and guarantees, the amount and the amount per capita all are rising very rapidly.

I should say, too, in clarification, that the estimates material that is presented to the House contains only those funds on which you are being asked to vote. Some of our programs are funded internally out of working capital or by other sources. For example, in the new ventures

program, obviously, to a large degree the funds have been lent by the private financial institutions and ours is a guarantee. But our export support loan, for example, which is a large activity, is funded entirely out of the working capital of the corporation and does not show on the printed material that is sent to the House. So when you look at these votes, you are seeing a partial tabulation of the funding that we actually spend. Some of it is off the sheet entirely.

**Mr. Morin-Strom:** So these are not necessarily reflective of what is actually going on.

**Mr. MacKinnon:** Well, without wanting to be critical of it, sometimes I find the accounting information that is presented to the House very complex. Do you want to make any specific comments on that?

**Mrs. Atherton:** The only other thing I would add to what you said is that the actual cash that we have dispersed on account of NODC, as reflected here, is an increase over the previous year and reflects what you were saying about the commitments: that it takes a few years for the cash to flow through. For example, to date, according to the commitments we have made, we have committed \$13 million in projects in the north which will take a little time to flow through the system and be reflected.

**Mr. Morin-Strom:** In other words, this is not actually how much money you have provided—this \$44 million?

**Mr. MacKinnon:** No. That is a commitment.

**Mr. Morin-Strom:** In other words, if you provide a loan guarantee of \$10 million, the money is coming from the bank.

**Mrs. Atherton:** That is right.

**Mr. Morin-Strom:** You have just promised that if there is a default, you will cover that, but there are no funds.

**Mr. MacKinnon:** That is correct, but in making that observation, guarantees offered in that way are a relatively small portion of the total in column 3 under "amount." We are a much more active lender than we are a guarantor.

**Mr. Morin-Strom:** For example, St. Mary's Paper got \$15 million. Is that in that figure?

**Mrs. Atherton:** It is not in the particular figure you are looking at.

**Mr. Morin-Strom:** Are there any really large single amounts that are making the big difference, going from the \$31 million to the \$44 million in the last one?

**Mr. MacKinnon:** There are some substantial projects, although nothing on the scale of the S



marys expenditure. There are, however, in that figure, several large projects. I can think of one, or perhaps two or three, in the range of \$2 million to \$3 million. They are at that level as opposed to 10 million or \$15 million.

**Mr. Sterling:** I may not stay strictly to this note. I hope I can have some leeway to run from one matter to the other. Just as a matter of interest, while we have the people from the development corporation here, I notice your graph with regard to the Northern Ontario Development Corp. The gap between the activities of the Northern Ontario Development Corp. and the Eastern Ontario Development Corp. is widening day by day. Can you give me a reason for that happening?

**Mr. MacKinnon:** I cannot give you a single reason, sir, except that in both areas our funding and our commitments are a function of several things. In some cases, they are a function of economic conditions. In northern Ontario in the last year, the indexes in most cases have been highly positive, and our loan demand follows from that. For example, unemployment has dropped in most major centres. My colleagues could describe the figures in greater detail.

We have a sense that, during the past year, in many of the major communities in northern Ontario, economic conditions have certainly improved dramatically. That would be particularly true with North Bay and the Sault. North Bay, in particular, has had a very strong loan advance in the last year by itself. We have noticed that is a persistent pattern.

**Mr. Sterling:** When you compare the Northern Ontario Development Corp. with the Eastern Ontario Development Corp., have you any idea of the number of people you are dealing with overall in population statistics?

**Mr. MacKinnon:** We monitor the lending statistics per capita in each of those regions, to try to get a handle on how we should plan our activities. We do not relate what we do to the overall population of business units. The development corporations are essentially financial institutions that serve a demand, and that demand can fluctuate for any number of reasons. We are not out there targetting a specific number of loans and specific dollar volume. To do that, we think, would introduce an unnecessary element of rigidity. Our job, fundamentally, is to respond to business proposals where they are generated.

**Mr. Sterling:** My problem with this whole area, looking over the past number of years, is that the interests in the eastern and northern

development corporations pretty well parallel each other. They vary slightly, but there seems to be a widening of the gap, in 1987 in particular.

My concern is that, while people of the north may rejoice—I do not know whether they are rejoicing because my colleagues say they are not—with regard to this government's focus on northern Ontario, evidenced, for instance, by the fact that there is an assistant deputy minister of northern industry and by the fact that there have been several different ministries located in northern Ontario, in North Bay and in Sault Ste. Marie—we had a government agency go there—I am wondering if the case is that the economy, as argued by you, has improved and that is one reason for driving this.

### 1710

Another reason for driving this is the focus of attention on the fact that this government is taking some interest in the north or appears to be taking some interest in the north, and the business community is reacting in some way. Whereas, in eastern Ontario, I would argue there is a lack of interest of this government in this area. We do not have an assistant deputy minister of eastern industry. We do not have any government offices relocating in eastern Ontario. We do not have, really, anything, save and except, I think, one office that opened in Pembroke. I do not know whether that office has been set up, but it is the only thing we do have there.

Therefore, when I looked at the statistics outside the Ottawa-Carleton region, the per capita income of the people of eastern Ontario outside the Ottawa-Carleton area is much lower than that of northern Ontario. Why the hell does this government not do something with regard to eastern Ontario in those areas? I mean, those are the people who need the help. Yet we do not seem to have much of a reaction on the part of this government towards eastern Ontario.

**Mr. MacKinnon:** I will deal with that on two levels. In terms of this program, the chart shows there is a relative change only. As you can see, right up until the current year, in regard to the change in the relationship between our northern lending and our eastern lending, both were increasing quite dramatically and not by very different rates.

The lending patterns of the development corporations as a group, I think, are very reflective of the priority the government has placed in both areas. The numbers that you see going to 1988 are projections only. These things can vary from year over year for statistical and



other reasons that have very little relationship to any evident plans. The real trend is what happens over three or four years. What this trend shows is that increases in northern Ontario and eastern Ontario have both been very substantial, at approximately the same rates, and both substantial in relation to southern Ontario.

Perhaps I am not the best person to address the range of initiatives, more broadly speaking, that the government has undertaken in eastern Ontario, but they are substantial. There is an investment commissioner in eastern Ontario. There have been our own field offices, as you know. The Pembroke office, by the way, is open.

**Mr. Sterling:** I was not invited to that opening. That is why I did not know about that.

**Mr. MacKinnon:** So I think we can show, in terms of our program here, a great deal of vigour in eastern Ontario, vigour comparable to northern Ontario. In some cases, in our Innovation Ontario, we have been quite active in eastern Ontario, and I think the results in future years will show up in some of these kinds of graphs.

**Mr. Sterling:** Notwithstanding all you say, if you read the throne speeches, the budget and all the other documents and just look at how many times northern Ontario is mentioned as opposed to eastern Ontario, you will find it outstrips two to one. I venture to say you are probably dealing with a larger population in eastern Ontario than you are in northern Ontario and you are dealing with people who are not doing as well. I am going to continue to hammer that point as long as I am a member and until this government does something that I feel is substantial compared to the north.

Can you tell me what the loss factor is with regard to the Northern Ontario Development Corp., the Eastern Ontario Development Corp. and the Ontario Development Corp.?

**Mr. MacKinnon:** I can. I do not know if we have the detailed figures here, but I can tell you what they are, interestingly enough. There are two factors that we monitor, loss and arrears. Arrears rates are significantly lower in northern Ontario than they are in southern and eastern Ontario and are roughly comparable in southern and eastern Ontario relative to each other.

In terms of loan losses, it would be very hard to give a statistical trend without a considerable study because, in any given year, given our relatively small size as an institution, one big loan loss can juggle and affect all our relative trends. We can give you the detailed figures on loan losses, however. We appeared before the crown agencies committee last year and spent a

considerable amount of time going into them. In fact, we did a paper for that committee at the time and we could certainly make that available.

**Mr. Sterling:** What is it? Is it 20 per cent, five per cent or two per cent?

**Mr. MacKinnon:** In the last 10 years, the development corporations have written off an average of approximately three per cent of the portfolio in dollar volumes per year. In the budget of 1986, I believe—it may have been in 1985—the Treasurer indicated that he wished much more strict policy to be adopted with respect to those write-offs and at that point the portfolio was examined and the percentage jumped. I believe it jumped by something up to five per cent or six per cent. It has fallen back since, but those are the numbers. We could provide the details, but those are the levels roughly that you are talking about.

**Mr. Sterling:** I would argue that is not high enough, that if you are really in the area of trying to help industry out, then you should have a loan ratio of about 20 per cent. You might find that hard to understand, but if you are really doing your job, as far as I am concerned—and I made this argument when I sat on the other side of the House at various times—then the Eastern Ontario Development Corp., the Northern Ontario Development Corp. or the Ontario Development Corp. should be almost the last resort in terms of financing. If you are fully secured in terms of what you are lending, then you are not really doing much more than a bank would do in the mandate that it would be undertaking. I am talking particularly about the loan programs.

**Mr. MacKinnon:** Perhaps I can give you the percentages. First of all, a major Canadian chartered bank today would write off between three quarters of one per cent and 1.25 per cent of its portfolio, leaving aside the exceptional write-off that they have recently made for the last year. A private term lender, say a Roynat or something, would be in the order of perhaps two per cent to three per cent on the low end of that.

For the last 10 years, as I have indicated, our average would be around three per cent, but if we were to put it at its current rate on a reasonable conservative basis, it is probably more like five per cent. There is a fairly sharp differentiation in the various write-off levels, which do reflect the fact that we are a lender who takes risks that no one else will take.

The only other observation I would make is that those issues were discussed again very extensively before the crown agencies committee

ce. The committee issued a report, which indicated that our loss ratios were too high.

**Mr. Sterling:** Yes.

**Mr. MacKinnon:** Which was a conclusion that we found unusual in relation to the arguments that had been presented, and we have indicated back to the committee.

**Mr. Sterling:** Yes.

**Mr. MacKinnon:** If the committee's recommendations were implemented by us, as we understand it, we would effectively become a chartered bank.

**Mr. Sterling:** Which is ridiculous. What I want to say with regard to the area I represent is that you should be taking more chances. You would be taking more risks, and I do not think the degree of level of risk is high enough at this stage of the game.

**Mr. MacKinnon:** A key point that we do not often talk enough about in these programs is that these decisions, particularly the large ones, are nearly all made by a group of businessmen from the areas affected. In other words, the EODC board consists almost entirely of businessmen with a sprinkling of other professionals from the area.

**Mr. Sterling:** I know the EODC board. Now that we have such a group of Liberal businessmen, we might get more spending money. Is that right?

**Mr. MacKinnon:** The program is designed to ensure that the key lending decisions are made by business people who are knowledgeable in the—

**Mr. Sterling:** I am sorry to interrupt. I understand what you are saying, but what I am trying to you is that the mandate under which they come—

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**Mr. MacKinnon:** It has a bearing.

**Mr. Sterling:** I am sure businessmen can draw conclusions from the mandate that they are given. If the mandate is such that they can withstand a 10 per cent loss ratio or whatever, when they know they can take a greater risk in terms of the proposal that is before them.

I just want to ask a few other questions related to the development corporations.

**Mr. Chairman:** Mr. Miller had a question first, then back to you.

**Mr. Miller:** I have listened closely to the discussion Mr. Sterling has brought before the committee. We have had two or three cases where companies that have applied for assistance are not able to get that assistance—I think that is

the point he has been making—but if I make a recommendation to somebody and I see a company go down the drain about two or three years after I make that recommendation, I think that responsibility comes back on me.

Certainly, I want to see that company provide jobs but, then again, I do not want to look back in a year or so and see that somebody has gone off with a considerable amount of provincial money. I guess the question was asked as to what were our losses. I thought from the information we had before that it was something like 15 per cent, but you said three per cent?

**Mr. MacKinnon:** Over the past 10 years, something in the order of three per cent dollar volume per year of the portfolio was written off. In the first budget of the current Treasurer that amount rose, because he instructed the corporations and others throughout the government to take a much more conservative approach to the making of write-off decisions. So the evaluation of the assets in the books was fairly made. That was done and therefore the percentage rose.

I do not have up-to-date end-of-year figures, but at the current time, I think that a five per cent write-off in dollar terms of the portfolio per year is probably an accurate reflection of our loss rate.

**Mr. Miller:** I know that the question was asked in the House today in regard to a plant in Brampton, but we have—

**Hon. Mr. Kwinter:** I would like to comment on that.

**Mr. Miller:** I would just like to make the point. We have Waterford Sports in Waterford. It was the Spalding Co., which was moved from Brantford to Waterford, and it was having financial difficulty. They wanted to expand and they seemed to have the market, but I am not an expert. They came to me for help, and I directed them to the minister and to the ODC. I think they are the professional people who can examine it. I do not want to take on that responsibility but I want to make sure that company gets help, if it is viable to stay alive, as that area can use the jobs. Again, it is a tobacco area.

It is a seasonal job, and it has been taken over by the employees themselves. The company moved from Brantford to Waterford, and I am not sure how it is making out. I have been in touch with the ministry, the ODC people and our regional people and I am leaving it in their hands. The indication that gets back to me is that they had to have an infusion of private funds, to match it. I do not know if they have been able to do that. I hope they can.



The other application was from Lynn Valley Cabinets. They had a proposal to make pine doors, utilizing pine from that part of Ontario, for the American market. It seemed reasonable. They do have the raw materials. The Minister of Natural Resources (Mr. Kerrio) made a review of the products and felt they were there. They seemed to have the market in the United States, put together by professional sales people who were in that business.

I do not believe they were able to put it all together, because at the bottom line there was the question of whether they could be successful. They were putting all their assets, their homes and everything, at stake. There are a lot of risks involved. I do not want to see people lose what they already have, but there should be help if there is good potential, if it is possible. I feel there are professional people who should be advising, and I would like to hear the comments.

I do not know if you want to use those two—

**Hon. Mr. Kwinter:** I would like to comment. I cannot comment on those two, but I would like to use the example of the question that was asked in the House today about Etatech Industries Inc. of Brantford. Here is a company that employed 50 to 80 employees, manufactured specialized motors and had a \$500,000-export support loan and a \$400,000-incentive loan. There were problems with the export support loan in that funds that were coming from the exports were being diverted instead of going to the Ontario Development Corp.

**Mr. Sterling:** Were they secured loans?

**Hon. Mr. Kwinter:** One is secured and the other one is not. On the other one, we have waived the principal payments to give them some cash flow; so it is sitting out there and our exposure is about \$518,000 or \$528,000.

The place was not making money. It is undercapitalized. The bank stepped in with a receiver, Peat Marwick, and asked them to realize on the assets. They came to us as the ODC saying, "We need some money to help us out."

Here is a company that is in receivership. Here is a company that has problems. We have problems collecting the money they already owe us. Our exposure on this thing is probably about \$128,000—which I think we are going to lose—that we know of. How do you ask the board, who are businessmen, to take a look at something like this and say, "We have a social role to play and let us pour some more money into this thing"? It then verges on the irresponsible. This is taxpayers' money. There has to be some accountability.

There is no question that in nearly every case we are the lender of last resort, but there still has to be some accountability. You just cannot get to the point and say: "Do not confuse me with the facts or what the viability is. Just give them the money because we have to lose 15 or 20 per cent. That is our mandate." What you have to do is temper the need to provide this assistance, based on what is not considered to be normal banking criteria, with a position of responsibility. You have to have some accountability and some responsibility; otherwise, you might as well just take the money and throw it down the sewer.

It is a problem, because every time it comes up, you have the local member saying: "My God, I have this company in my constituency and it is going down. We going to lose these jobs. Sure, you, as a government, should be able to bail it out." You tell them, as I did today—and I do not enjoy telling a member—that we are already there. We have given our pound of flesh in this case and sometimes we have to let them go because they are just not viable. It was compounded by another problem in that the receiver literally put it on the auction block and a liquidator came along and paid \$200,000 more than anybody who was prepared to operate the company. By law, the receiver has to take the highest offer, even though we would prefer that he sell it to someone who would keep the thing going.

We had the situation with Lapp Insulator another issue that has been talked about in the House, where the employees want to buy it and we are saying: "Sure, we will help you out. You have to come up with some sort of reasonable plan." We do not want a guaranteed plan, but there has to be some justification of why we are there. You have to account for saying: "We have some people who think maybe they can make this thing work. They do not have any money, but they would like to take the chance. Give us the money and let us try."

On the one hand, when we come to estimate you say you think we should be up in the 15 per cent to 20 per cent loss ratio. On the other hand, we come back next year and we are at a 15 per cent to 20 per cent loss ratio, you will say, "You guys do not know how to run this thing and you should be down to five per cent."

**Mr. Sterling:** You know I would never do that.

**Hon. Mr. Kwinter:** I know you would never do that, but we have this conundrum where when we did appear at the other committee, members said, "Five per cent is too high and you people



ve to get your act together." So we are caught  
twixt and between. What we try to do is—  
Interjection.

**Hon. Mr. Kwinter:** Yes, as long as you are  
tired there, but it is not if you are sitting here.

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**Mr. Sterling:** I know exactly the problem, but  
I have made my point.

May I ask some other questions unrelated to  
his vote? What pressure, if any, are you bringing  
on the Attorney General (Mr. Scott) to  
increase the monetary jurisdiction for the small  
claims court? It is a major concern of a lot of  
small businesses across Ontario to be able to  
settle in some efficient manner disputes that  
arise in the business world.

You probably know Metro Toronto has a  
\$1,000 limit and the rest of Ontario is at \$1,000.  
We have been pushing the Attorney General for  
some period of time to try to get him to up it to  
\$5,000 in other areas, albeit that is going to cost  
the Attorney General some money to do that. Are  
you taking any active role in this?

**Hon. Mr. Kwinter:** Not that I am aware of,  
but I will turn it over to my deputy.

**Mr. Lavelle:** I think Mr. Girvin is prepared to  
respond, as soon as he finds his briefing notes.

**Mr. Girvin:** I never can find them. The Min-  
ister of Tourism and Recreation (Mr. O'Neil)  
has written letters and, I believe, spoken to  
the Attorney General on this issue of upgrading  
the limits, in terms of the jurisdiction between  
the small claims court and the provincial courts.

We have had meetings with the Canadian  
Federation of Independent Business and the  
Canadian Organization of Small Business—Mr.  
Hoch's operation and Mr. Hale's operation—  
who are strong advocates of trying to find  
solutions in the small claims court. As you are  
aware, Mr. Sterling, I do not know if it is in  
fact, but the limit is going to be raised or is  
proposed to be raised on a trial basis in terms of  
the Metropolitan Toronto area with respect to the  
problem it is facing as far as disputes are  
concerned. But from a small business advocacy  
point of view within the ministry, we strongly  
support removing that logjam by increasing the  
limits within the different jurisdictions.

**Mr. Sterling:** I just want to tell the minister,  
in being a non-Toronto member, I feel  
grieved that people of this area—and I am not  
talking only about the business community but  
the business community in particular because we  
rely on your estimates—that people in Toronto  
do not have an avenue to resolve disputes at a lower cost

than the rest of the people of Ontario, and I do not  
know how long the difference can exist.

I think the limit should go from \$3,000 to  
\$5,000 within the small claims court, but the  
problem is that in Ottawa, in Smiths Falls, in  
Thunder Bay or wherever you are, you do not  
have that opportunity. I think it is going to take  
some pressure outside of the Attorney General's  
department. I would like to see you take some  
active role in doing that because it is an important  
issue as far as the small business associations are  
concerned. I really wish you would take an active  
position.

**Hon. Mr. Kwinter:** I give the member my  
undertaking that I will pursue this with the  
Attorney General. I was aware of the issue. I  
knew about what had happened in Metro  
Toronto. I did not know that any initiatives had  
been taken by this ministry, but I will be very  
happy to pursue that.

**Mr. Sterling:** There has been a lot of  
discussion about the certification process. Quite  
frankly, I do not feel that the certification process  
is fair from either side. A legitimate organization  
by a union, in order to tell its story, has to go  
through all kinds of shenanigans in order to tell it;  
and the employer really is not given what I call a  
proper forum to tell its side of the story. Is there  
any move afoot on your part in your ministry to  
try to deal with the whole area of certification of  
labour unions?

**Hon. Mr. Kwinter:** I am not aware of any.

**Mr. Lavelle:** I am not aware of any.

**Mr. Sterling:** So you are not taking any active  
role in—

**Hon. Mr. Kwinter:** I would assume that  
it would be in the Ministry of Labour.

**Mr. Sterling:** Does that mean you wash your  
hands of the whole matter? Just like the Minister  
of Labour (Mr. Sorbara)—I understand he has an  
advocacy role to pay on the part of labour—I  
would understand your role as an advocacy role  
on the part of businesses that have difficulty with  
existing legislation.

**Hon. Mr. Kwinter:** I would comment just on  
your first remark. That is something that I have  
debated with the Minister of Labour as opposed  
to the ministry for labour, and I do not agree that  
he has an advocacy role to pay for labour. I think  
his role is to be impartial to both management and  
labour but to resolve labour disputes, not  
necessarily as an advocate for one side or the  
other.

I have no problem with looking at this issue. I  
am just saying that I had no knowledge of the

ministry doing it, and it has just been confirmed by the deputy that we have not been pursuing that particular topic.

**Mr. Lavelle:** I would just add to what the minister has said that, while this specific topic is not something we have been involved in, I would not want to leave the impression that the whole range of issues which confront business—whether it is labour or whatever legislation—is not something with which we deal on a day-to-day basis relative to the policies and programs of the government. In the small business branch, there is a fair amount of activity directed at trying to understand and appreciate some of the concerns of the small business community through an advocacy role and the small business advocates through Mr. Ferraro, the minister's parliamentary assistant, are in effect trying to feed that kind of concern in through the government through the ministry.

**Mr. Sterling:** The other question I would like to ask in terms of general matters that are of great concern to the small business community is about workers' compensation. The escalation of premiums for small businesses is substantial and they are having difficulty in justifying those by increasing prices for the services they render in order to pay those premiums. What role does your ministry play in that whole matter of workers' compensation reform?

**Hon. Mr. Kwinter:** Again, just from my own personal experience, I had Judith Andrew of the Canadian Federation of Independent Business in to see me the day they released their report on the workers' compensation premium problem a couple of days ago. She told me she just wanted to apprise me of the situation because of the interaction and the effect on this ministry. She has, of course, and you saw it. A report went to the Ministry of Labour.

In the overall look at all of these things, there is definitely an interaction. We have meetings all the time with various sectors of the business community that have concerns with other ministries but feel that this is the place where they should be getting some support. That does not mean that when we give them support, we then take on the role of that ministry. What we do is make representations to the ministry. We do it all the time on a wide range of issues, whether it be pay equity, whether it be research and development or whether it be workers' compensation, to the appropriate lead ministry. That is really our role. I do not know whether the deputy wants to expand on that.

**Mr. Lavelle:** I would just add the fact when we meet with business groups, as minister has said, whether they are in various sectors or whether it is the Canadian Manufacturers' Association, whether the range of issues they bring to us and to the ministry has to do with workers' compensation or tax reform, it is the role of the ministry then to ensure that appropriate ministries that are developing legislation or responding to reports are aware of views of the business community. That is the role the minister has described and which we play.

**Mr. Chairman:** I think all members understand this clearly falls within another set of estimates, so can we keep this discussion short?

**Mr. Sterling:** Yes. What I am saying is regard to all of those three matters that I raised that I think there is a misunderstanding in the business community about what your role is. They expect their case to be put forward by the Minister of Industry, Trade and Technology. My concern, quite frankly, over the last few years has been that, with the growing number of regulations that were involved with a number of reforms that your government undertook, the advocacy role was not being taken, not adequately. I do not think business felt there was a role for it.

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While I think that in a lot of ways your ministry functions quite well and is quite helpful in a number of cases in a practical sense on the ground, it has inherited a tremendous structure and you have a lot of good people in your ministry, particularly in eastern Ontario although I would like to have more help there—I do not think that is enough. I do not think you are doing a help-business-on-a-one-to-one-basis kind of operation alone. I think you have a bigger role and I am not satisfied your ministry has taken that role in the past.

I would like to say that in my particular area the ministry staff has been extremely helpful to me. Also, the venture capital program that the St. Amant is running has been helpful to a number of the small high-tech firms in my area. I think the ministry should put more emphasis in that area. I am trying to help an industry in my area. I do not know how much help he has now, but I am talking to him it seemed there were a lot of applications for the small number of people in that particular division to handle the applications.

**Hon. Mr. Kwinter:** I will respond and give you a perfect example of something that



ed to us today. I take your point and I think it good one. We had lunch today—the deputy, Premier (Mr. Peterson) and members of my staff—with the aerospace industry representatives. They were very concerned about problems they were having with the Minister of Labour, with the minister per se but with the ministry some of the things that were going on, and there had to be some interaction and someone giving their position to the ministry from government.

I think that is a valid issue and we have agreed we will work with them to do that. We will be doing that with other sectors as well. I have other sectors in to see me. You are right. I think that is a role for this ministry, one we would be doing even more to accommodate, and it is something we will be doing.

**Mr. Sterling:** Can I make one last point?

**Mr. Chairman:** Yes.

**Mr. Sterling:** You brought up aerospace. That is an area where I have been very disappointed in the Ontario government's involvement in the location of the federal space agency in Ontario. That is a point in question in terms of where I view you, as a minister, having a larger role to play in larger issues, because that is a large issue for the Ottawa-Carleton area in particular.

**Hon. Mr. Kwinter:** Yes.

**Mr. Sterling:** I think your fellows in Ottawa-Carleton, and Mr. McGruer in eastern Ontario, are doing a pretty good job at what they are doing, but their role is not to lobby the federal government for a space agency. I hope you will play a more active role than was taken by your government in response to the initiative by the federal government with regard to that space agency and other like issues. You have to be out there fighting for areas that are talking about institutions, not only getting a loan for whatever industry in such and such a place.

**Hon. Mr. Kwinter:** If I can respond to that, 10 per cent of the aerospace industry is in Ontario, so we are certainly not a minor player; we are a major player, particularly in the space industry.

The federal government, for what I consider to be crass political reasons, is playing games with the location of the space agency. They seem to think that the aerospace industry is in Quebec when in fact the figures show it is not; it certainly is not exclusively there. If they felt for political reasons that they wanted to have a Quebec orientation, we feel we are prepared to support

the location of the aerospace agency in Hull, which makes eminent sense. We think it should be in the capital region and we have made those representations. The Premier has made them and continues to make them.

Unfortunately, the federal government's status is: "Do not confuse us with the facts. We will make this determination in the same way we made the determination to designate Montreal and Vancouver as international banking centres." They will not look at where it should be, but at where they think they can get the most political mileage. I suggest to you that seeing they are people who have a similar political persuasion, you should be using your influence to get them to put it in Hull.

**Mr. Sterling:** But you see, minister, it took you over four months, about five months from the time the announcement was made, to get your oar in. The province of Quebec was there the day after the announcement was made. It was made in October 1986. I asked a question in the House.

**Mr. Miller:** They got there in 1984.

**Mr. Sterling:** I asked a question on January 15, 1987, whether your government had done anything to lobby. It had done nothing. You have to be off the mark. As far as I am concerned, they can do this in terms of Quebec and in terms of helping out the Ottawa-Carleton region and get this particular facility. While you may want to give me political rhetoric about this, I can come back with an equal amount as well.

**Hon. Mr. Kwinter:** The point I am making is that if it were just an issue of Ontario and Quebec, there would be no problem. We would say, "Fine. If you want to resolve that issue, put it into Hull where it becomes a Quebec facility, but it still goes into what is a logical location because every major space agency in the world is located at the capital." What we are saying is, "If you want to put it in Quebec and you think you are going to get some Brownie points for doing it, put it into Hull which makes eminent sense."

**Mr. Sterling:** It is Montreal.

**Hon. Mr. Kwinter:** Instead, they are considering putting it into Montreal, which makes no sense other than from a political point of view. That is the point I was making.

**Mr. Sterling:** I am glad you are speaking strongly on this issue.

**Mr. Chairman:** Mr. Morin-Strom, you had a closing comment.

**Mr. Morin-Strom:** Yes. Partially in reaction to Mr. Sterling's final point, the one point I would agree with is the one on the small claims



courts. I think it would be of benefit to people in the province if they had access to the courts system, which they do not have. People with money have access to the courts system, but the small player—not only the small business but the small individual as well—has very little access to the courts system. Certainly there is no justification for the discrimination in terms of access to being freer in Toronto than it is elsewhere, with a \$3,000 limit.

However, I disagree with my colleague here when it comes to who this ministry is supposed to be representing. I do not define industry as being solely the owners of the industry. I think you have to reflect the interests of all the stakeholders in industry. This includes not only the owners or the senior management of the industry, but also all the workers in the industry. We are talking about lower management, technical staff, white-collar workers and blue-collar workers. You have to represent the interests and what is in the best interests of the communities. There are so many communities that are one-industry communities, dependent on one major industry. You have to take into consideration what is in the best interest of those communities. You have to take into account what is in the best interests of the consumers who are using the products coming out of Ontario industry.

In summary, you have to take into account what is in the best interests of people generally.

As elected representatives and as a government, our prime responsibility is to people. It is not to one group that happens to own and have economic clout in industry. It is what is of greatest benefit to all the people that you should be reflecting when you take decisions or make representations on behalf of your ministry within this government.

Vote 1906 agreed to.

**Mr. Chairman:** Shall the estimates in their entirety carry? Carried.

Shall I report them to the House? Agreed.

Minister, I would be remiss if I did not, on behalf of the committee, thank you and your staff in particular for the way in which they have assisted the committee during these estimates and appreciate that.

**Hon. Mr. Kwinter:** Mr. Chairman, I would be remiss if I did not, on behalf of myself and staff, thank you and members of your committee for your courtesies, your interest and the way they have been treated.

**Mr. Chairman:** This completes consideration of the estimates of the Ministry of Industry, Trade and Technology. The committee is adjourned until Monday afternoon when we will deal with the estimates of the Ministry of Housing.

The committee adjourned at 5:50 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Housing



**First Session, 34th Parliament**  
Monday, December 14, 1987

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Monday, December 14, 1987**

The committee met at 3:32 p.m. in committee room 111.  
After other business:

### ESTIMATES, MINISTRY OF HOUSING

**Mr. Chairman:** Finally, we are ready to proceed. I apologize to those people who are waiting in the room, but we simply could not proceed with the two critics in the assembly. It would not be fair to the process. But we are now ready to proceed.

**Mr. Wildman:** On a point of order, Mr. Chairman: I just wanted to make clear for the record that the New Democratic Party critic for housing, the member for Oshawa (Mr. Hugh), is aware that we are commencing this session and is quite happy to have the Minister of Housing (Ms. Hošek) proceed with her leadoff statement, so that he then can reply on Wednesday when we reconvene.

**Mr. Chairman:** OK. Thank you.

**Mr. Cousens:** My apologies, Mr. Chairman. I had no choice but to stay in the House for a statement that I was responsible for.

**Mr. Chairman:** I think the committee understands that clearly. Since the critic is here—the session is not completed yet, is it, Mr. Cousens?

**Mr. Cousens:** No.

**Mr. Chairman:** If the other critic, Mike Hugh, is not here when the minister has finished her remarks, we will adjourn until Wednesday.

**Mr. Cousens:** That is fine.

**Mr. Chairman:** If he is here, we will proceed with the first vote. OK, let us proceed. I believe that the minister has an opening statement. Minister?

**Ms. Hošek:** This is my first opportunity to participate in the defence of the estimates of a government ministry. I look forward to the session by which my ministry can be held accountable, as we all review the estimates of the Ministry of Housing for the fiscal year 1987-88. I hope you here are familiar with the assured housing strategy launched by this government in 1981. Our mandate states that the government of Ontario is fully committed to assuring decent,

affordable housing for all our citizens. With assured housing, we committed ourselves to action; we determined our course, to tackle the backlog of unmet needs and deal with emerging problems.

We committed ourselves to opening lines of communication and encouraging co-operation and to developing an atmosphere of partnership with agencies such as municipal and private nonprofit groups, with municipal governments and with other provincial ministries, with the federal government and with the private sector. And this year, a year distinguished by a drastic leap in public awareness of the problems of homelessness, we took an active part, along with others, in the United Nations' International Year of Shelter for the Homeless.

We did this because housing had to receive a higher profile so that all citizens would come to understand that the problems associated with housing could not simply be met by any one group. We did this so that everyone, whether private citizen, civil servant or elected politician, would come to understand that many decisions, be they about zoning, incomes policy, health or social assistance policy, have an impact on the mandate of this ministry and this government, in the provision of decent, affordable housing.

We are making progress. Through the provincial Advisory Committee on Homelessness, several major policy issues have emerged: first, the importance of advocacy and community groups in assisting homeless people; second, recognition of the need to move beyond policies which favour shelters and hostels, towards the provision of permanent housing; third, finding creative ways to expand the shelter options of homeless people; fourth, a recognition of the need to develop a fully integrated system for homeless people with special needs, which would incorporate health, housing, social and economic considerations.

Through the International Year of Shelter for the Homeless we have developed our agenda for action, and our work has already begun. Last year, we initiated a special needs program to deal specifically with the disadvantaged—in particular, low-income single persons, individuals who no longer require institutionalized psychiatric care, battered women and one-parent families.



That program, which is fully funded by the province, has led to the commitment to build 3,000 units in 74 municipalities all over Ontario. Some are small and some are large, but all are being developed in partnership with community groups.

This initiative links housing and support services so that individuals are able to work out their difficulties and integrate into the community. We are also allocating 1,000 new nonprofit units to this initiative over a three-year period and will modify another 2,500 existing units so that they too can be used in this supportive community effort.

The federal government has made some important co-operative efforts with us in this area. Earlier this year, I participated in an official opening with the Honourable Stewart McInnes, who is the Minister responsible for Canada Mortgage and Housing Corp. This was the opening of the Harbord Street Mews nonprofit housing project here in downtown Toronto.

Harbord Street Mews, which is sponsored by Houselink Community Homes Inc., represents a very innovative approach towards providing shelter for single-parent families and for low-income singles, including homeless people. In fact, I would urge you to take a look at that project, which is really only a few short blocks from here, to see for yourself how community groups and government together can tackle housing problems in an enlightened way.

But we still have a very great deal to do.

Turning now to the building industry, which we will look at in detail under vote 1802, there are five major goals for that strategy: the rationalization of regulations; the development of exports and import replacement; productivity improvement; increased industry co-operation and awareness; and the development of a building industry centre.

All of this, I am sure, will be discussed later. While this building industry strategy is a comprehensive one, I see it as having special significance and a unique role to play in searching out affordable housing opportunities.

Industry bottlenecks, ranging from supply of such items as drywall to skilled labour, have to be addressed co-operatively, in a spirit of partnership, if we are to reach our goal of adequate, affordable housing. I am pleased to report to you that, through the efforts of government, labour and industry representatives on the Building Industry Strategy Board, solutions to this situation really are in sight.

One area of crucial importance to us is the of training and education. It is essential to proper cultivation of a skilled labour force. As increased construction activity, faster closing demand for quality workmanship and the increased need for technologically skilled trades, we will find ourselves relying increasingly on labour resources.

### 1700

Unfortunately, in the face of these market industry demands, the demographics of the labour market present us with a distressing picture. For one thing, the youth labour force, those in the 16-to-25 age range, is shrinking. Fewer people with the necessary skills are immigrating to Ontario, and the current labour force is ageing. Many of the people who have been heavily involved in the construction industry in this country in the past 30 or 40 years have come from other countries to live here. These are the people who are currently ageing and, in many cases, their children have not been as interested in the same set of skills and entering the same trades as they themselves were.

Coupled with this trend is the fact that there is a lack of mobility within the existing skilled labour force and many young people, those who would replenish our skills needs, have for a long time retained negative attitudes about careers in the building industry.

This could really imperil the industry's future, which, I remind members, is the biggest industry in the province. I believe that efforts already under way through the Building Industry Strategy Board will bring very positive results in the years ahead.

One of these is the Future Building program. This is an industry-sponsored career exposition that is going to take place in Toronto next year. It will involve this ministry, the Ministry of Skills Development, the Ministry of Education and others. We are planning to bring upwards of 50,000 young people from across the province to Toronto during this five-day initiative.

Future Building '88 will be the launch of a four-part campaign that will include an information program directed at students, an outreach program based on the exposition to other centres in Ontario and a post-exposition campaign at the school level. We will hear more about this during the discussion of this particular vote and item.

A study commissioned by this ministry several years ago indicated that, through intensification, we have the potential to create upward

000 units of affordable housing in this vince, and I say "affordable"—

**Fr. Cousens:** Excuse me, did you miss page

**on. Ms. Hošek:** Yes, I am missing page 14. Is someone have that for me? Thank you.

Another area of concern is one which I find particularly disconcerting because it deals with racial attitudes, community beliefs and also personal biases. I am thinking here about people's willingness to accept changes which could help us resolve the issues of housing policy.

This is particularly obvious in the area of intensification.

We have various options in creating affordable housing. The most obvious is new housing construction—either ownership or rental for the private market—new social housing initiatives through such programs as nonprofit housing and, finally, the use of existing housing stock to create additional housing. This latter area we call intensification.

The study that was done by the ministry several years ago indicates that, through intensification, we have the potential to create upwards of 100,000 units of affordable housing. I say "affordable" because the per unit construction is through intensification range from \$17,000 to \$23,000 for single-family home conversion to become \$30,000 to \$40,000 for conversion from industrial to residential uses.

The typical cost of per unit construction in the province is much higher. It is from \$70,000 to \$100,000 per unit across Ontario for new rental construction. That is a massive saving, using existing stock.

More important, our studies indicate that rental rates for initiatives that stem from intensification would range from a low of \$200 to \$800 per unit. In our convert-to-rent program, which is currently running, the average rent for the new units—these are new units—has been about \$567 per month. This is a good example of finding innovative ways to generate new supply and new supply that is much more affordable than building brand new.

We believe intensification offers great potential, but it also faces serious obstacles. Fear of change, no matter how minor, is a problem. This hinders local municipal councils and community groups such as private and municipal nonprofit organizations and it undermines the futures of people who need our collective help.

I am reminded here of the situation north of Toronto where the United Church has been trying

for more than a decade to build 82 units of low-cost housing. Despite its best efforts, including three appearances at the Ontario Municipal Board, no action has yet been taken by the municipality to approve this project.

I understand how this community resistance develops, but I think none the less that it is intolerable. For this reason my ministry, together with the Ministry of Municipal Affairs, is working to develop guidelines on appropriate intensification which are going to take account of the planning needs and the other needs of the community, but I think this is a very important step for us to be taking.

For this reason, my ministry is also underwriting a study of intensification in the city of Scarborough where home owners renting out basement apartments are under siege. It is for this reason also that we are going to continue to push for intensification in every reasonable way we can.

We are concerned that many people do not yet appreciate the positive role they could play in providing housing for the poor, the elderly and the disadvantaged. However, municipalities like Toronto, Ottawa, Windsor and others are recognizing the situation and are looking at ways to deal with this issue through relaxed zoning and loosened bylaw restrictions. Nevertheless, much more needs to be done in this area.

Then there is the issue of land costs. As individual neighbourhoods and communities resist the development of affordable housing, our choices of sites begin to narrow. In affluent areas like Metropolitan Toronto, this means the prices we pay for land escalate even more quickly than normal market forces would cause.

For that reason, we and the federal government announced late in October that the capital cost guidelines for nonprofit housing would be increased by 10 per cent. That means that for a three-bedroom apartment in buildings of three storeys or more, the capital-cost guideline would move from \$91,000 per unit to \$100,000, and a two-bedroom guideline would move from \$83,000 to \$91,500. That increase is to apply in Metro, Mississauga, Brampton, Markham, Vaughan, Richmond Hill and the urban portions of Ajax and Pickering.

We have also undertaken to guarantee loans made to nonprofit groups to enable them to obtain the private sector funding necessary to hold or acquire land. This program will be worth an initial \$25 million.

To give you an indication of the magnitude of the cost issue, let me point out some trends we see in this ministry.



The Ontario Housing Corp. owns and manages about 84,000 housing units, in which live almost 250,000 people. In addition, it is responsible for 13,000 rent supplement units administered through agreements with the private sector. The Ontario Housing Corp., however, has not built any new units since the mid-1970s. Today, there are more than 50,000 nonprofit housing units in Ontario sponsored by hundreds of nonprofit community groups, municipal nonprofit corporations and housing co-operatives all over the province. It is a massive amount of housing.

Beginning in 1985 and stretching into the 1990s, we have pledged with our federal partners to provide 6,700 units per year and these, along with special provincial-only programs, mean that some 54,000 new nonprofit units will be pledged for the development of affordable housing. To get a sense of that growth, the units we are allocating would be sufficient to house a city three times the size of Sudbury and four times the size of Kingston.

When you consider that the government of Ontario has committed some \$465 million in capital, one-time expenditures to deliver this assured housing program, including these nonprofit initiatives, you can appreciate why rising land costs are of so much concern, particularly when the annual operating subsidies associated with these projects will cost an additional \$180 million per year, every year, after the capital costs have been spent.

Another area where I think some significant progress is being made is the area of Ontario Housing Corp. tenant relations. OHC has a mandate to develop creative and effective tenant support programs, and a more mature and positive relationship is being developed between the corporation and our tenants.

Ontario Housing Corp. has approved a demonstration tenant economic enterprises program, with the corporation providing financial assistance and guidance to tenants who will manage their own small business. We have created a tenant support services branch to oversee initiatives of this sort.

We have also instituted a bursary program for university-age students who live in OHC housing to help and encourage them to pursue and complete post-secondary education.

The Ontario Housing Corp. board of directors now meets in communities across the province—they used to meet only in Toronto—to increase the interaction between the local communities and the Ontario Housing Corp.

In March of this year, an OHC-wide relations policy was approved to promote better tenant and community relations. Later in presentations, Chimbo Poe-Mutuma, who is director of race relations for the Metro Toronto Housing Authority, will outline what is happening in this area, which I think you will find interesting.

The subject of tenants and tenant relations is an appropriate point in our discussion to turn to the major responsibility of the ministry, which is the Residential Rent Regulation Act. I would like to spend a few minutes reviewing what we are doing, to put this issue into perspective.

With the new act that came into effect slightly more than a year ago, tenant protection has been extended further than it has ever been in the history of this province and, understandably, has been an enormous task.

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First and foremost, the legislation was not introduced to July 1985 but it was passed in December 1986. It provided coverage to all private residential rental buildings that were previously excluded from rent review.

In doing this, the new act extended protection to tenants living in those units. The landlords of those units filed some 16,700 applications for rent review on or before March 2 of this year. At the same time, tenants took advantage of the new act to file some 2,900 applications for rent rebates, and with the previous average of 3 applications per year, which was the case before, beforehand, from landlords of pre-1976 buildings, we have now received 23,000 applications.

Because we wanted a system to be fair to both tenants, the legislation gives them a full opportunity to review all the materials and to meet with the rent review staff before final decisions are made. If anything, the delays are caused by a system containing a wide net of protection and giving a deal more breadth for tenants to check the figures and get protection.

The new act also called for the creation of a province-wide rent registry. To ensure accuracy and legality of rents, notifications are being sent to go out to about 550,000 tenants to verify landlord-supplied information. Once that process has been completed, most tenants in Ontario will have full access, free of charge, to full rental information. They will know what the rent registry standard for their unit is. A demonstration of this rent registry system is going to be in place a little later on.

We have established the Residential Rent Standards Board to ensure adequate maintenance



ntal properties. Ontario is the only jurisdiction in Canada where noncompliance with minimum maintenance standards may result in the rent increase by the landlord.

With regard to affordability, the 1988 rental guideline, the level to which rents can rise without a review, has been set at 4.7 per cent, a deviation from the 1987 guideline, which was 5 per cent. We estimate that during 1987 more than 80 per cent of tenants in Ontario will receive a rent increase set at the guideline or less.

We do have solid protection for tenants in this legislation and, equally important, we have built in mechanisms to ensure that tenants can challenge information provided by landlords before it becomes part of the system.

The governing principle of this rent review system is fairness and protection. The system is ongoing and must be given a chance to continue working. The initial process we are going through will, as I indicated earlier, take time.

I hope I have been able to give you an overview of the issues we are addressing in the Ministry of Housing, of the real progress we are making and of the challenges that we face.

Creating affordable housing has to be, above all, an interactive process. No single area of the economy can be looked upon to solve the problem alone. We need to strengthen and reinforce our partnerships with municipalities, community groups, with the building industry, with labour, with the private sector and with our sister ministries and the federal government.

We will take an active commitment from all of us to find long-term and lasting solutions.

**Mr. Chairman:** We have agreed that we will proceed with the debate. I just have one point of clarification about why, on page 16, you were talking about some "situation north of Metro." I just want to lay to rest that it is not Sudbury.

**Ms. Hošek:** It is not Sudbury.

**Mr. Chairman:** Why are you being so coy? It is the dance of the seven veils.

**Ms. Hošek:** No.

**Mr. Chairman:** Without stepping on the toes of any of the two critics, we should adjourn now. We will come back on Wednesday afternoon following routine proceedings.

**Mr. Cousens:** There are some presentations to be made by members of the ministry which could be made now. That could be part of the minister's new. If some of those people are here, it might be that they will not have to come back on Wednesday or Thursday.

**Mr. Chairman:** The only problem is that we do not have the official opposition critic, so I think we had best not begin that process.

Are there any problems with the members on that?

**Mr. Wildman:** I think I am correct in my understanding from my conversation with Mr. Breaugh that it was all right with him if this proceeded.

**Mr. Chairman:** Even the presentation?

**Mr. Cousens:** It respects the time of the people in the ministry who have done so much together.

**Mr. Chairman:** I have no problem with that if that is the wish of the committee.

**Mr. Cousens:** I know the ministry staff is usually very willing. If there is something the critic missed, it would be easy to catch up. I am sure that the minister or the deputy would be pleased to do that.

**Mr. Chairman:** Is it the wish of the committee to go ahead with the presentation by the ministry? OK.

Interjection.

**Mr. Chairman:** I will certainly agree to that as long as you give me assurances that Pat Laverty will be here on Wednesday.

**Hon. Ms. Hošek:** You have a long-standing relationship with him.

**Mr. Chairman:** I do have a long-standing relationship with Dr. Laverty. We economists have to stick together. Please go ahead.

On vote 1801, ministry administration program:

**Hon. Ms. Hošek:** The first section and the first vote is on ministry administration. I will call on Arnold Temple to begin this.

**Mr. Temple:** The first vote we are dealing with is vote 1801, ministry administration. This comprises the offices of the minister, the parliamentary assistant and the deputy minister, as well as all corporate support-service activities essential to the delivery of ministry programs to the public. In particular, I think it is worthy of noting that most of these support-service activities are also provided to the Ministry of Municipal Affairs.

Briefly, the components of these services are, in vote 1801-1, as I mentioned, the minister, the deputy and the parliamentary assistant; also, my office, corporate agencies and services, employment equity and the office of the French-language services co-ordinator.

Moving down the line, we have communication information services; financial services; human resources with personnel services, facilities and services; systems development services; the legal branch and our audit activities, and the analysis and planning services.

These are the individual units that comprise the ministry administration area. Without going into any detail with any of these program areas, I think I would like to start at this point by introducing Marilyn Fitzgerald, who manages the ministry's employment equity program. She will highlight our progress in this area and provide some insights about the directions we are taking within our own workforce in the Ministry of Housing.

**Mr. Cousens:** Will copies of the different slides be available?

**Mrs. Fitzgerald:** Yes, they are available, as a matter of fact.

**Mr. Cousens:** That would be helpful for the opposition party as well.

**Mrs. Fitzgerald:** In employment equity, of course, we have had a program for women since 1975, which had various names, the latest being affirmative action, until recently. In December 1986, we changed to an employment equity program. We were the first ministry to announce this new mandate and program. The government actually announced its employment equity program in June 1987.

The new program covers the five target groups: women, racial minorities, disabled persons, natives and francophones. During 1986, the Ontario government did a voluntary survey to help us along with that and give us some information on our workforce composition. Just to give you a very brief idea of what we have in Housing, as you can see, we had a good response. We are well represented in the minorities. Our problem, as we have identified it, in setting up and getting ready for an employment equity program, is where these people are in the organization rather than their numbers.

These are the places we will be identifying. What happens is you take a look at where they are in the organization and you realize that two thirds of the visible minorities or the racial minorities make less than \$30,000 a year, while 43 per cent of white people make under \$30,000. We have identified the problems, and the next thing is to see where we are going to go from there.

What we are looking at now is a startup year. We have set up an advisory committee to get employee input. We have a labour-management

committee which is the first in government where we are working with the Ontario Labour Service Employees Union. There is a relations committee. We are doing some management training and we are looking at a program review to find out just exactly what we need to do in terms of our recruitment organization.

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We have continued, of course, with the program for women. This just gives you a profile of the ministry. As you can see, we have 56 per cent women in there. The wage gap is a slowly moving thing, but in 1985, women made 67 per cent; in 1987, we are up to 72 per cent. Our executive staff of women is growing as well.

Components we have in that program include seminars. As consultants to managers, we have corporate input through an employment equity program for women council. These are some of the things we do to try to get things moving.

What I have given you here has been seen in such a way so that you can see that there has been a movement between 1985 and 1987, and that is what the government average is. That gives you some idea. These areas are what we have underrepresented areas. That is less than 50 per cent women in there.

For the one in trades and crafts, you can see we have gone from zero up to 5.6 per cent. That actually represents one woman, but that is one woman out of 749 positions in the whole Ontario government. Progress sometimes is very slow, but it is progress, and we keep moving.

That, basically, is the program that we have and some ideas of how we are working in the employment equity area.

**Mr. Temple:** Does the committee have any questions? Any more presentations?

I would like to call now on Chimbo Mutuma. As the minister mentioned, he is the newly appointed director of the Metro Toronto Housing Authority's race relations program. He is here today to relate his past experience and present approaches to improving the inter-ethnic relations within our ministry's tenant community, which parallels our efforts to ensure employment equity as it exists within the ministry.

**Mr. Poe-Mutuma:** Mr. Chairman, I would like to talk about our accomplishments in terms of race relations at MTHA, but before I do that, I would like to give you a brief overview of MTHA and also some of the problems that we have experienced before the inception of the program we are pursuing right now.

the Metropolitan Toronto Housing Authority is the biggest housing authority in Ontario; in fact, it is the biggest in the whole of Canada. It has a tenant population of 125,000, who represent different racial, ethnic and cultural backgrounds. At least 40 languages are spoken in this community. MTHA manages 33,000 units with a workforce of about 1,100 employees who also come from many different racial and ethnic backgrounds. Even from that background, the tenants and other communities stated that the following problems were being experienced in public housing: that there was poor communication with tenants, that there were confusions and agencies due to culture, language barriers and fear; that there was tension between racial and ethnic minorities; that there was lack of communication between staff and tenants due to lack of racial awareness; that there was fear of each other among the tenants themselves due to racial and racial differences; that there was youth unemployment, especially among the ethnic minority-youth.

Tenants felt that policies and programs that were developed did not meet their needs, because they were not consulted during the development of these policies.

On November 15, 1986, I was hired as the director of race relations policies and programs at MTHA in order to deal with the above concerns. In dealing with the above concerns, I undertook the following initiatives:

First, we established a race relations committee which comprises board members, senior field staff, unions and tenants. Its role is to ensure that race relations policies and programs developed have the input of the people they affect.

We also developed a race relations policy statement and implementation guideline in order to demonstrate our commitment to racial harmony.

Along with that race relations policy statement, we also developed an MTHA workplace harassment policy statement. This policy protects staff, tenants and service providers on MTHA premises against sexual, racial and ethnic harassment.

We have introduced community development programs in multiculturalism and race relations in our projects. The purpose of these programs is to promote communication and cultural understanding between staff and tenants, and also amongst tenants themselves, as well as to elicit tenant input to program development.

We are currently involved in a massive multicultural program, that is, staff training in multiculturalism, race relations and the Human Rights Code. This is done in order to generate sensitivity and awareness among our staff members towards the cultures and traditions that they have to deal with on a daily basis.

We are involved with a pilot project in skills training for youth, especially ethnic-minority youth. This program is funded by both the Ministry of Culture and Citizenship, which is now the Ministry of Citizenship, and the Ministry of Housing.

In the area of police/minority relations, we have developed a mechanism for improving the relationship between racial and ethnic minorities and the police.

**Mr. Temple:** That completes the staff presentation for vote 1801.

**Hon. Ms. Hošek:** Let me just add one thing, and that is that the corporate resources section of our ministry shares the responsibility for providing services to the Ministry of Municipal Affairs. We are one of the very few examples in the government of a successful project in sharing corporate resources between two ministries. I am very proud of that and I think that the people who work in the area should be too.

**Mr. Chairman:** Is it the wish of the committee to complete it now or to hear the next presentation? What is the wish of the committee? I assume the ministry is flexible on that. Does it have another presentation? No. Then that settles it.

We will adjourn now. On Wednesday afternoon both critics will be here, I assume, and we will lead off with their opening remarks.

The committee adjourned at 5:29 p.m.



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Monday, December 14, 1987

**Estimates, Ministry of Housing****Opening statement:**

Hon. Ms. Hošek . . . . .

**Ministry administration program** . . . . .**Adjournment** . . . . .**STANDING COMMITTEE ON RESOURCES DEVELOPMENT****Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Also taking part:**

Cousens, W. Donald (Markham PC)

**Clerk:** Decker, Todd**Witnesses:****From the Ministry of Housing:**

Hošek, Hon. Chaviva, Minister of Housing (Oakwood L)

Temple, J. Arnold, General Manager, Corporate Resources Management

Fitzgerald, Marilyn, Co-ordinator, Employment Equity Program









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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario



**Standing Committee on Resources Development**  
Estimates, Ministry of Housing

**First Session, 34th Parliament**  
Wednesday, December 16, 1987

**Speaker:** Honourable Hugh A. Edighoffer  
**Clerk of the House:** Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 16, 1987

The committee met at 3:48 p.m. in committee room 1.

After other business.

30

### ESTIMATES, MINISTRY OF HOUSING (continued)

**Mr. Breaugh:** I am going to try, for a variety of reasons, to get as much as I can into the first statement, because I sense that I may not get much more after that. I also have to apologize. This is one of those days when I am supposed to be in three places at once and while you have me, we are going to have to live with me.

I was interested in the minister's opening remarks and I had two copies forwarded to me. It is how good the information flow is in our caucus, because it is the first occasion when the minister has had an opportunity to set out an agenda for the next little while, establish priorities that she sees within her own ministry and put her mark on the ministry in a broad general way.

I want to start with some of my pet peeves, I suppose, on housing. The first of these is going to be the one we talked about in question period a little bit today. I was really enthused when I saw the Project 3000 program announced—enthused because, for the first time, I saw a government responding to a group that is often just plain forgotten.

There have been lots of governments that have testified that there are a lot of senior citizens out there now. Cutting ribbons at a seniors' building is always good, political fun, and in terms of housing needs they have been identifiable. Not too far off about it, they also vote and they take a constructive interest in politics. They remember who looks after them and, in case they should forget, governments have become very good at sending them annual postcards saying: "How wonderful is it to have you living in our subsidized building. Are we not wonderful?" And, "Here is a picture of the minister cutting the ribbon when the building opened up."

They have had access in a way that perhaps the others do not. The Project 3000 program was one that was identified to house a group that on grass political terms probably does not have much clout. There are not that many of them.

They are people who are ex-psychiatric patients, people who tend to be forgotten in our society. They are people who are living in rooming houses around Ontario. Many of them are put on buses and brought to hospitals, once or twice a week to get doped up for the week and then sent back out into the community and forgotten.

Governments have discovered a thing called deinstitutionalization, which some of us thought was a good idea in some respects, but in practice it turned out to be a great way for governments to get rid of their responsibilities to people; deinstitutionalization came to be a program where they simply turned them out of psychiatric institutions. That, in itself, is probably a positive step, if there was some place for them to go, but very often there was not. Many other people had problems with access, so if you built them a nice brand-new apartment building, it would not do them any good because they could not get in.

There is a range of people such as battered spouses who are living in hostels. Many of us who have worked with community groups over the years are pretty painfully aware that this is very often a difficult type of person to house and that the hostel is not the answer. It solves an immediate problem, but in my community and in others across Ontario, we now know that once you get them in a hostel for a few days, that is not really a good place to try to raise a family, and if you are under considerable economic, physical and mental torment at the same time and you have a housing problem to boot, you are a difficult person to try to house. It is very difficult to do that on your own, and even if there are people who are supportive and helpful to you, they often have a hard time. Local MPPs have a hard time finding a place for this person and his or her family to live for a little while.

I like this program. It addressed some things that had been forgotten for a long time. I was happy when I saw the kind of response that came in from around Ontario. There are a lot of really good—small but good—projects put together by citizens' groups from all over Ontario who have a wide range of interests. I saw the expertise being developed on how to get this type of housing available. I know that the proposals are sitting there waiting somewhere in the minister's office or on the way for a great deal more.



I was in the middle of an election, and I paused enthusiastically to look at what Alvin Curling had to say about 2,000 units at a whack. In the middle of an election I was a little cynical about it all, but I really do not care when it comes, as long as it comes. So when I contrast that with what you had to say when you cranked up these estimates, the disappointment kind of set in with a thud.

I really do not want to hear about other programs. I want to hear about this one. This is one that I know. This is one that works. More important than me knowing about it, people in the community know about it. They are aware of this thing now. They thought they finally had something that addressed their needs. They thought, in the kind of lead time that it takes to get these things operative, that maybe their proposal was not approved last year, but it was still on a list somewhere and people had not forgotten about it; or at least, they could resubmit it, so they were looking at this as kind of an answer to a long-standing problem that had not been addressed previously and offered them some measure of hope.

What they liked about it is that it seemed to come in a variety of shapes and forms so that, to be precise about it for many people, to take the seniors' model again, if you want to design a proposal for 150 seniors' apartments—or in a small town, 30 or 40 of them—but you are building an apartment building for senior citizens, everybody knows how to do that, but what if you do not have 30 or 40 seniors who want to move in? What if you cannot identify 150 seniors you need to occupy the building?

The scale of that is sometimes a little inhibiting for people. So here was a program that said if you could identify eight units or 10 units, 12 units, 20 units—and a lot of the proposals that were approved in August were just that idea—the first time that someone had put a housing proposal in front of the province of Ontario that was not a big deal. It was not going to solve the housing crisis by itself, but in its community, it was going to resolve a problem with just six units or eight units.

There was a very nice kind of local colouring to it all, kind of one of the few times when politics dabbled with reality, so that people were not fantasizing about how many units they could build; they were looking at the very modest proposal that met the needs of that community as they saw it. Many of us who have worked over the years with shelters for battered women, for example, know that is a really difficult thing to

try to resolve in a community. It is tough to get a community board together. It is tough to get financing from the province or from the fed-

The easy part is to get the building to operate. The hard part is to keep it operational, and keeping it operational means that people have to flow through that. The hostels were designed to be housing projects. They were designed to be places where you went for a refuge, a little support and a little bit of help; you could not stay there for six or eight months. You had to get out of there and there was no place to go. So, like the homeless, people who were working in that field knew that the hostel was a long-term solution; it was short-term.

I think that is my bitterness about this program. You can play with the numbers all you want, but I think the facts are pretty clear here. Here was a program that was operational, that identified needs, that worked. Many of the projects that we know of, that got their proposals approved last year, are in business now providing shelter for people who really need it, in many parts of Ontario.

My high hopes were that we had finally found a way to help these people and to solve a housing need that worked, that was not grandiose, was pretty practical and down-to-earth. Something that would be eight units a time, just exactly what we needed. That in August of this year showed so much promise. It looked as if the government was really giving it a high priority. It gets demolished in the current process.

I suppose you are going to tell me about the 95,000 other projects that you have under way. But, damn it all, people are just beginning to discover how this thing worked, just beginning to discover the name of this program, just beginning to know how to go through these hoops. Why do we not take something that we know works, that we know has a group of people working with their proposals in line, in the middle of the process, and want desperately to fulfil it?

We know this one works. Why do we not let this thing do its job? It seems to me, if it continued at the pace that it was rolling through here in the middle of August of this year, in a couple of years we actually would have something of substance. We would have solved some problems.

That is my difficulty with saying, "We are going to change programs," or "We are going to continue the program but we are just going to do 300 units a year." None of that rationaliz-

flies with me at all. I cannot tell you why. It is rare when government finds something that really does work—why does it not leave it alone and let it do its job for a while? Surely, nobody is making the argument that the 3,000 or so units have been funded over the last two fiscal years solve the problem. That is nonsense. We need 3,000 people out of two or three of our psychiatric institutions in a year. No one is making an argument that the case is over.

I have heard some rather cynical conjectures as to why it happened—that this is the end of the International Year of Shelter for the Homeless, all of that and so the project was designed to meet that need, or targeted to meet 3,000 or all of that kind of stuff. It is beyond me when we have something that functions, what actually does what it is supposed to do, we do drop it, we simply cut it back. I do not know why you do not take that idea and expand it. That would be my suggestion.

I want to get at what is perhaps a more complicated thing, and I think part of the reason governments have such difficulty in responding to needs that are perhaps very obvious to the general public is that governments have a tendency to fall immediately into statistics, analysis, numbers and the number structures. We are people who have good intentions. I know a lot of them and I know that is the truth, but what they do is they confuse issues badly and allow governments that have, in some cases, good intentions to get so completely screwed up by numbers that the problem itself is just clouded by a lot of the names and numbers that are applied to things, and I think housing is one of those things.

I had a little interesting discussion with some of our staff people the other day and at the end of a long discussion of issues your deputy minister asked me why I did not ask about the 102,000. Essentially, because I do not care about 102,000 anything. I care about housing and homes and people and families and all of that, but I do not care about numbers. Numbers do not matter to me and I think that is probably because of the things that I have learned in politics over the years, that the most important thing in the world is to retreat to numbers. For example, you wanted to say that your target was 102,000 units, you would do in part what you have done. Go back for 10 years and say, "Well, this program started in 1980. We just did not tell you about it and we produced 102,000 units in the last seven years." Sure, you have.

Or extend it the other way and say, "Well, we thought we might get it done in two years, but it will be three years" or four years or five years or whatever. Or you can fiddle with the numbers in this way; simply say, "Well, we never said 102,000 brand-new units, so we are going to take a factory and create 100 units there" or "We are going to count in all of the illegal basement apartments in Scarborough that are now going to become legal and they will be in these numbers too."

So, without ever really creating—I am sure this is possible, for example. You could take a target like 102,000 housing units and never build one new housing unit anywhere in Ontario and fulfil your target and you would not have a problem. You could count basement apartments. You could count garages. You could count factories. You could count armouries. I am sure you have people doing this now. That is what bothers me.

The goal was a little confused and a little grandiose for starters, and now, instead of really being able to identify where the new housing units are being built, the discussion centres on how many units or how long. Is it 102,000? Is it 103,000? Is it a three-year program? Is it a five-year program? All of which is irrelevant. What would be relevant is if we began to address some of the very basic housing problems that people have.

Let me start with a range of things that have to do with the price of a house. I have followed, for example, this government's tendency to do what a lot of governments like to do. They like to get their friends involved. I believe, right now, that the private sector has made its intentions very clear. The private sector is not really interested any more in building affordable housing. They do not see that as their job. They do not see that as their role in life. They do not even pretend to do that any more.

If I were a hard-and-fast steely-eyed capitalist, and I owned a piece of property in downtown Toronto and I knew that I could flip that into a condominium; that I would not even have to build to get the money out of it; that all I would have to do is put up a billboard announcing, "Here is the latest lakefront condominium project" and I would get all of the money up front in cash so that I do not even have to build the damned thing, I do not even need anything to sell except a billboard and a nice brochure and I could turn my bucks that way—or I could build a rental apartment building and wait for 10 years to get my return—if I were a hard, cruel-hearted, steely-eyed capitalist, I think I would know what



my option would be. I would not be sitting around for 10 years to get my money back; I would get it out of condos.

I think that is the reason why all over downtown Toronto there are these billboards announcing brand-new condos. I do not know what the hell we are going to do with all these condominium units that come on stream in downtown Toronto. I do not know anybody who can afford to buy very many of them. I think your staff is right, that in a few years there is going to be a glut of those, they are going to be rented and perhaps become the next phase of the housing problem in Toronto.

I believe there was a time when builders whom I knew made a buck by building affordable housing. They built a lot of it. They would build 400 or 500 housing units in my region over a period of a couple of years. You should not cry for these folks because they all made a bunch of money, and most of them are raising quarter-horses now and flying to their condos in Florida and California, so there will be no tag day held for them.

There were a number of builders whom I knew who made their money by building affordable housing. They knew what the market was, that people could not afford a whole lot of money for houses, that they wanted a single-family home and were prepared to pay, like me, \$23,000 for my first house. You had to go to see your mother-in-law, both of you had to work and you had to put off everything else for a while, but you could buy a house in those days. Thousands of people did that. It was pretty affordable kind of housing; ridiculous by today's standards, I suppose, but possible.

I do not know anybody who is building that type of housing in today's market. In my area and in most of the areas I travel through, today's market seems to be such that everybody wants four bedrooms, six bathrooms, a Jacuzzi and a swimming pool in the back.

If you drive from downtown Toronto to Oshawa, you will pass by fields that are growing houses now, and the lots were designed for pretty modest housing, as a matter of fact. I sat on council when those zoning and planning arrangements were made and, essentially, the concept was that these would be working-class houses. They are on 50-foot lots and they have four-foot setbacks on either side and the rest is this huge mansion of a house, selling for \$100,000 to \$200,000.

I am not sure what these folks are going to do with these. It seems to me, if I were paying that

kind of money for a house, I would want a little bit of a front-yard or a little bit of a backyard, these huge mansions are placed on 50-foot lots or smaller lots than that in some cases. That is what the market is. People have two incomes, they want to get their dream house right away, quick.

There is a real problem there, because I do not know where people go to buy their first house in a long time around. I know they are coming out of the suburbs in droves, and that in itself is creating housing problems. I know they are looking at alternatives in Toronto, but there is a difficulty there.

In one speech he gave last spring, I did hear the previous minister say he knew how to reduce housing prices. He knew how to drop the price of houses in Toronto by 40 per cent. I read his speech and it had some interest. I never did see the solution, and I do not recall seeing it being brought forward by anybody since then. Perhaps that just was a little blip in some speechwriter's word processor that day, but I have not yet seen the scheme that is going to reduce housing prices in Metro by 40 per cent. I await with great interest the day that one is announced, and so do a lot of people. I kind of doubt it. You are going to have a little trouble with that one.

The number of units and the approaches that are being taken by the ministry and by a number of other people who have made proposals to have an impact on the housing situation—in Toronto, essentially, where it is aggravated, and all across Ontario, where it is different, but still a problem—seem to rely on two or three major components. For one of these the buzzword is "intensification."

Somebody has discovered that basement apartments are possible. Councils are having interesting discussions on whether it is legal to have an apartment that is illegal or the tenant who is illegal. These are not aliens who occupy basement apartments; they are legal folks, citizens of Canada. What may be not quite as legal as having somebody would like it to be is the basement apartment, the attic apartment or whatever.

I believe there is some potential there to have an impact over the long run, but I see some limits on what intensification can do. I do not care whether you call it by that term, duplexing, basement apartments or conversion of existing units. Most of it starts out of that, for example, on the convert-to-rent program, which is not to my taste, simply because it is almost a little jingle would solve a problem, and it does not.



10  
What is missing is that when you offer money to somebody to convert a building of some kind to a rental unit and you do not put some kind of strings attached on the other end about what you can pay for affordable housing, you have got to expect that. People, even little developers, are smart enough now to know that governments are sometimes really dumb. They tie you up in red tape about all kinds of things, but they very often forget the essential question.

If a convert-to-rent program is supposed to put affordable rental accommodation on the market, you would really think that the first consideration would be how much you are going to charge for the unit after we give you your \$6,000, \$7,000 or \$8,000. That seems to be the one piece of red tape that nobody thought of, and so they take the government's money, convert the unit and charge \$800, \$900, \$1,200 for the unit.

Are governments really this stupid, or what? I have been watching governments work for some time, but it seems to me, if the purpose of the exercise is affordable housing, it ought to be written into the agreement somewhere. If you give somebody some money to provide affordable housing, you ought to be reasonably sure that the rent of that unit is going to be affordable. It looks as if nobody thought of that.

Let me give you another example of where people went a little astray here, and I will use the Huang and Danczkay routine once again. I sit down with my little calculator at home the other night and, by my count, you are quite likely to spend about \$20 million or so over the life of the agreement to provide 125 rent-geared-to-income units. That is quite likely because you are subsidizing the units.

That is quite likely because we do not quite know what the rent-geared-to-income rate will be, but we know that last year it was about \$227 a month in Toronto. Units in there are probably going to go for about \$800 to \$1,200—in that range—so the subsidy right now can get pretty expensive. It can be \$700 or \$800 a month per unit to provide a rent-geared-to-income unit in an apartment. If one is using the private sector, the private sector, for all of its faults, ain't always stupid. When it deals with government, it kind of understands.

If you want them to take your money—and I am sure that these guys really needed the \$3.5 million to crank up that scheme—they are looking for “What’s in it for me?” quite logically, quite naturally, quite fairly, and they do not pretend to be otherwise. They are saying, “If you want to

put some rent-geared-to-income units in here, this is really going to cost you, maybe \$600, \$700, \$800 a month for 125 units.” This is where numbers do not have as much use because the numbers will vary. It is a rent-geared-to-income project and the cost per unit of the unit will vary somewhat. It is at one level now, but it may be at another level five years from now, so one has to guess and fiddle around with all of this. But in the end what that really does tell me is that this is a pretty stupid way to proceed. These developers do not need your money. They get money elsewhere and they know it. If you are offering them money, why would they not take it? They are not dumb.

It is kind of like the old Renterprise program. Why would a person not come in and take the government's money to build a project, especially if you do not make them say at the beginning of it whether they are going actually to put these on as rental units at the end or convert them into condos? If the developer can grab government money and use it for a couple of years before he has to decide whether he wants to rent these units, turn them into condos, flip the apartments or whatever, why would he not? Of course, he would.

That is exactly what they did. That is exactly why the Renterprise program, as I understand it, is kind of dead in the water these days. It is not a very useful exercise. I think it goes back to our initial problem, to my initial problem with expecting the private sector to do something it has never said it would do.

It has no interest any more in really providing affordable housing. It will exploit various government programs—practically anything you can think of—for whatever is in them for it, but then that is exactly what it has always said it would do. They are in business to make money. It is not a game for them. I expect them to take whatever silly little promotional program you have and whatever amounts of money you have got and maximize their profits.

Most of the people I know in the development industry are pretty straightforward. That is not their hobby. That is how they make a buck, and they are in it to make as big a buck as they can. If governments are dumb enough to hand them millions of dollars to use, they will use them. It seems quite logical to me.

I want to get to another very broad area, because I am having some really interesting conversations these days with people of the most unusual ilk about rent review. Basically, it comes down to this. The current situation is untenable. I

do not think there is any question about that. I think there are some who saw that the rent review legislation was an unworkable bill. It will be a historical oddity how such lousy legislation could actually go through a legislative process, how a bill could be so conflict-ridden internally, how nobody ever said to the minister: "Wait a minute. This is so stupid it is unbelievable. Let us cancel all this and start all over again." Somebody should have said to the Minister of Housing when that bill was being processed: "This is horrendous. We will never be able to administer this bill." That is exactly what has happened.

I do not care how many people you hire; that is only a part of the problem. I am told that a part of the difficulty here is that there are a lot of new people working on rent review these days, and the pecking order has not yet been straightened out. As anyone who has watched bureaucrats work will tell you, unless there is a clear pecking order established as to who is running the show, which person makes the actual interpretation of which clause of the bill, bureaucracies do not work. Until someone straightens out which is the proper form, which is the proper wording on the form and on whose desk it goes first, then bureaucracies cannot function.

There is that problem. I think what has happened here is that, for something like 23,000 cases, a whole bunch—the exact number does not matter—we do not have a bureaucracy that has been able, in the better part of the year, to get the thing going in the same direction, at the same time, on the same day. That has been a major problem.

I am bemused somewhat by landlords who are coming in and calling me. I do not get a whole lot of phone calls from landlords, but I am getting some now saying: "This rent review thing is nuts. I had a hearing in September. It was appealed and now they tell me they cannot give me another decision until May." Some have told me: "We under the old bill. They say their commissioners are all dying off, or something, and there is nobody to hear the case. What the hell is this? I have been charged with a crime and there is no judge to hear the case."

The anecdotes are getting quite cute except, if it were me, I would be really mad. Whether I was a landlord or tenant, I would at least want somebody to intervene and say, "What the hell are the rules in this?"

I am getting phone calls and letters from all over Ontario now from people who are really putting out hardship cases. They are for real. They are people who think they are going to have

to pay \$5,000 or \$6,000 in back rent in whack. They have no idea where that is going to come from.

There are landlords who are going to have to make rebates to tenants, and the tenants are no longer there. How actively are the landlords going to pursue finding these tenants? There are stunts that landlords are beginning to pull on to renovate a building by a company that you know so that it will be the most expensive renovation possible, because you really do not care. You do it at both ends; you do the renovations yourself so your company makes that profit; and you stick it on the bill that goes in front of rent review and the tenants will eventually pay for it anyway. They are getting quite ingenious as to how they go about that.

There was the story on the television news the last couple of days of the landlord in New York who took the doors off the house, for God's sake. This is getting pretty creative and pretty nasty. It was a dispute involving a landlord and a tenant, where the landlord thought the proper solution for it was to remove the door and leave the family—two families in this case, as I understand it—with no heat in the middle of a Canadian winter.

This is getting kind of desperate. I frankly do not have any good advice for you on rent review. We did not support the bill in the end, precisely for the reasons I have described to you. But it seemed to us, as a group of people who have been advocating rent review and rent control for some time, that this bill was one which did not stand much of a chance of actually operating. I think that is the basis of your problem here. The legislation itself is badly flawed, and needs repair.

## 1620

The problem is becoming almost insoluble now, I would say. There are tenants who have no way of knowing whether or not they are going to get hit with a huge amount of money to pay in back rent and landlords who have quite figured out what the benchmarks are, and seem to be exercising several options that they have of producing pieces of paper for the rent review commission. They are being very creative, I am told, in the way they do their accounting for a given building.

Many people understand that in the apartment business it is a pretty internalized process. There are a lot of people who specialize in buying, selling and managing apartments. There is a lot of creativity going on in that field, flipping



back and forth; so there still almost seems to be an original problem.

As I recall it, the original reason a Progressive Conservative government in Ontario, of all places, brought in a rent review process of any kind was very simply that the exploitation by landlords of tenants was so dramatic as to be obscene. Even Bill Davis in his glory days took a look at a situation where the rents that were being charged were clearly gouging. They were clearly real. There was a lot of real estate activity in the apartment field. As well as anybody around, I understood how that happened, who the players were, how it all transpired.

We got through a kind of colossal epitome of how to flip apartments in large numbers at one time, and we had a major scandal over all of that. The initial problem was one of fairness in the market place. It was simply highlighted by Stephen Lewis in the middle of an election campaign to show dramatically how unfair that was. So the government intervened with a rent review process.

Some would argue that from its inception, rent review was designed to be a process that could not work well, that it was designed to discourage the notion of rent review as a process—to say to tenants, “We have rent review,” and to landlords: “No, but it does not work. It is not designed to work. Do not worry. In the long run, we will look after you.” If one were really spiteful, one would say that is exactly what is in this bill. This is a bill designed not to function.

The stories would be hilarious if they did not have such bad results. It is hilarious to hear people say: “I called the local rent review office in the first six months that the bill was supposedly in operation. There was absolutely nobody there who could supply me with the answers that I was supposed to fill out. There was absolutely nobody there who could give me the advice on what the bill actually meant.”

That kind of stuff is funny, in a sense, except for the ramifications of it at the other end are really quite horrendous. I guess the best we can do now is to encourage you to do whatever you can to get some of those benchmarks out there, because as soon as they start hitting the public, it will alleviate some of the mess that is here.

Many of us who have studied the problem for a while know that inertia is probably one of the greatest single barriers to making the thing work. Until there is a good track record of what is a reasonable rent for a building in downtown Toronto, the thing just gets worse. Once you start getting those benchmark hearings done and those

decisions made public, everybody involved will have a little better idea of what is for real and what is imaginary.

Whether it means taking a shotgun through the rent review process and eliminating every third bureaucrat, which in some places would be seen as a workable answer, or whether it is something a little less drastic—the minister smiled when I suggested the shotgun.

**Hon. Ms. Hošek:** The chairman is saying, “Do not worry, we are not going to do that.”

**Mr. Breagh:** I think there is a dramatic problem that is there. To look at the damned statistics, a rent review process that utilized only 17 per cent of its budget in the last fiscal year is one that was not doing very much. That is simply to state the obvious, but it is critical that the process begins to work. It is critical that those decisions get out there.

There is another almost unanticipated problem. I want to conclude my little bit on rent review with this. Some things have happened that were not anticipated by anybody. There are tenants, for example, in downtown Toronto who have been rousted—that is the only way to put it—out of their apartment units by a landlord who decided, “I can make a lot more money out of this building by making this an apartment hotel and I will just decide that I do not want you in here any more.” They are absolutely ingenious at getting people out.

The truth is that when an official-looking letter arrives at most people's doors, they consider it to be an official letter, whether it is an official eviction notice or just a good, creative lawyer on very fine bonded stock with an impressive letterhead saying, “Sorry, you are now evicted.” A lot of people actually believe that.

It is not an official eviction notice, but the tragedy is they are often gone out of the unit. They harass them in a million and one ways. They do not fix the plumbing. They do not bother solving the heating problem. They just do not do a whole lot of things. They send them nasty letters. A variety of schemes have been used, so that what were once tenants, last summer, in apartment buildings in downtown Toronto are not there any more. The units, whether it is legal or not, have already been converted into apartment hotel units.

I am told that part of the difficulty here is that in the last year the ministry has been unable to define what a hotel room is, which is interesting. The Ministry of Revenue knows what a hotel room is because it collects tax on that. It always seems that whenever there is a financial incentive



for governments to make definitions, they can do it and do it quite quickly and collect the money, but in this case where you would be essentially protecting the tenant, you have been unable to resolve that vexing problem.

Surely that cannot be the only difficulty that is there. Surely someone could come over to 25 Wellesley Street which is two blocks from here. I will show you the building. I can get you in. I can show you which units used to be apartments and are now hotel suites. I can show you the only improvement that I can see in the building, which is the digital security box just inside the front door of the building where the people who have rented hotel units pick up their keys.

There is no valet service or anything like that. It is not a very fancy building. If you do not know where this is happening—you do because I have seen the letters that have been sent to you—and if you do not know what an apartment unit looks like and you cannot figure out how a hotel room should be worded or how you should describe that, surely we can find somebody who could help you with that, but the fact is again that in this case a government did not make its decision; it means the tenants suffer.

I do not pretend for a moment that this is a big problem, but it is a good example. People with calculators simply sat down and said: "We have a little apartment building in downtown Toronto. It is only 60 units. We are not pulling much out of this under rent review. If we call it an apartment hotel, we can take the rent in this little sucker from \$600 a month to \$3,000 a month. All we have to do is throw those idiots out of there and we will advertise in all the little magazines available in airports and other hotels."

That is exactly what they did and that is exactly what they are doing. They are simply exploiting the law; they are not breaking the law. As soon as you make your definition, they will not be able to do that any more, but until you get through diddling with it, they know they can make a bunch of money. In the meantime, they will get all those tenants out. When they bring in a bunch of new tenants, how much do you want to bet there will not be a little key money change hands?

There is another interesting little example that I have. A guy called me and said he tried to rent—I think it was a town house in North York. The guy wanted \$4,000 key money. This guy said, "Surely he cannot do that." Well, he thought he could. The guy called the Ministry of Housing rent review office and they said, "Huh?" They did not know. He called the ministry offices and they did not know. He called the cops and they

said, "We really don't like to get involved in this stuff until a crime has occurred, so if you pay him the \$4,000 and we have an officer witness that maybe we can prosecute." The whole key-money stuff is pretty common practice in Toronto. A lot of people know that but nobody is doing much about it.

This person did not rent the unit, but it is fairly obvious that the unit was rented. I doubt very much that the guy who was renting the unit changed his mind about whether he wanted to pay \$4,000 or not. He probably just found some business executive who could write that off his expense account and handed him the cash. When he called the ministry—I am told in that case he actually talked to some people in the minister's office—people kind of said: "Huh? That is not high on our agenda. I am not sure we do about that. I am not sure whether any of this has been broken. Let me think about that for a while." As a practical exercise, this person did not get the unit and some other person probably did pay the \$4,000 in key money. So again, governments did not do anything and that is what allowed the exploitation to occur.

### 1630

Let me do a couple of more things and then I will shut up for a while.

One of the big things that I think has to be done in the next little while, if you believe, as I do, that the private sector is not really interested in affordable housing any more, is to try to identify what groups are. Who is trying to do that? What can deliver? What kind of programming have we got that would effectively assist those people in producing?

I do not think I am telling tales out of school when I say that I met with your staff and they went over—where is the promised land inventory in Metro? This is what I find is unreal to me. I find in government in Ontario in Toronto at Queen's Park, do not know how much land is owned by governments in Metropolitan Toronto. I find that is unreal. We do not even know how much land the government of Ontario owns because it is owned by different ministries for different reasons and nobody ever kept an inventory.

The fact is that when one level of government, the province, wants to try to produce housing, it knows that one of the first problems you look at is the cost of land, it seems to me quite logical that government would say and the Minister of Housing (Ms. Hošek) would say, "Sometimes tell me how much land governments at all levels own in Toronto or Sudbury or wherever." If I were the minister, I would be a little cheese-

somebody would look back at me and say, "I do not know."

I know how much land I own. It is not a heck of a lot. Most other people in this room know how much land they own. If you were a business and the head of the corporation said to the chief surveyor, "What is our land inventory, Charlie?" Charlie said, "Gosh, you know, we never had a record of that." I think he would be a little pissed off at that. Yet it is true. One of the odd things about government is that it is hard to estimate its stupidity. It is true that one of the problems is that we do not know.

We know that government owns a whole lot of land. We know it owns land in the strangest of places. Somebody asked the other day, "Why is there a big Ontario Provincial Police station on Lakeshore?" I do not know. Why is there a big Liquor Control Board of Ontario housing operation down there? I do not know. Why are there stockyards in the middle of Toronto owned by the government of Ontario? That is a good question. All of these are valid questions, but the starting point we have to face is that we do not even know how much land governments own.

The next question would be: How much of that land might be suitable for some kind of housing? Where I think we are headed is that if we believe the private sector is not really interested in affordable housing any more, then it will have to be turned over to different groups. That could be the government, although I must say that the government of Ontario, in its various housing programs, does not enjoy a great reputation in terms of administering housing units. That is about as polite as I can get; others may want to get a little less polite with it. I think it is fair to say that the track record of the province in administering housing is not one you would want to hold up and say, "This is how you do it, folks."

I believe there is now a network of nonprofit groups out there, a variety of them, all of which I had a little bit of experience, and some quite a lot of experience, in putting on the market nonprofit housing for different groups to meet different needs. They have a good network. I believe they have had some experience with it. I mainly have a lot of people in my area who have done co-op housing projects in a variety of places. I have had a chance to work with them only once in a while and I see it from the other side.

I understand the frustration. We had a co-op in Oshawa for a vacant town-house building. It was absolutely empty, taken back by Canada

Mortgage and Housing Corp. CMHC, a federal bureaucracy in this case, admitted it owned the building but it could not figure out whether it was owned by the Oshawa office of CMHC or the Toronto office of CMHC. For six months, we argued back and forth which office of the same government department held title to that property. Then for the next six months we argued, how the hell do we get the deed from one office to the other? It took the intervention of the federal minister to resolve it. All this time, for about 12 months, the building stood vacant, with people begging to be able to utilize it for a co-op housing project.

That brings me to the next stage. The inventory of land starts the process. The second part is the identification of the groups that could provide us with nonprofit housing on a scale we have not seen before. The next one is, how do we figure out where the bureaucracy fits in all this? For example, is it the role of the bureaucrats in all the ministries to sit down, as they did, and dream up what the upper limit is that can be spent on a unit in downtown Toronto? Then they promptly turned down applications to build units in many communities because the projects came in above the limit.

Is it beyond our ingenuity to turn our ministry staff people so they facilitate rather than block-ade? I really do not know, but I sure think it would be an interesting exercise to see if we could take all the bright inventive minds we have, all the computer programs we have and all that wonderful capacity to do things, and say: "Your job is to facilitate something now. It is not to do a favour for a friend. It is not to dream up a set of regulations nobody can live with. It is not to veto various projects. Your task is to see what we can do to help folks out there."

There are a lot of things that are done, for example, to nonprofit groups that they are not familiar with. You put requirements on them in their proposals that are very difficult for them to live with because they are not in the development industry.

To go back to a longstanding problem, in every community across Ontario, one of the things that would be nice to have is an accurate set of numbers about how many people are on waiting lists for various kinds of assisted housing programs in that community, how many people have applied for senior citizens' housing or rent-geared-to-income housing or some other project over there.

In each of our communities, everybody has his own set of numbers. We all admit that probably



none of them are accurate. They are probably a best guess because we also know that, the housing situation being what it is, people put their names on as many lists as they can find, and quite naturally. We do not have one good central list for each community. Maybe we could try to do that. I have seen a couple of ministries that attempted to put that forward. I have seen a couple of ministers who attempted to bribe, coerce and do other things to municipalities to get them to do that, but municipalities, by and large, are traditionally not interested in taking on yet another responsibility such as housing.

In another life, I am the Ministry of Municipal Affairs crited and I understand the reluctance on the part of municipalities to take on expensive operational programs like housing units and to continue to administer them. Most people in municipal government are smart enough to know that the cheap part is putting up the unit and the expensive part is keeping it in operation for the next 25 or 30 years. They know that a government that gives them money to put up a seniors' building this year is not doing them much of a favour because they are going to have to run that for the next 25 or 30 years. There is that problem.

Can we be creative enough to get staff at many different levels to try to work with people in the nonprofit community, if I can use that corny word, to do something we all agree needs to be done? Can we use our ministry staff to make it possible so that we do, on perhaps simply a scale—this is the next problem I will get at: the scale has to be upgraded. The number of nonprofit housing proposals that your ministry reviews and accepts has to be done on a much larger scale.

This is one of the reasons I am so disappointed to see you reducing certain programs. I thought we had established some ways of operating here and if we would only do that on a large enough scale we would begin to resolve some problems. I think that, in a nutshell, is where we will have to go with nonprofit housing. We will have to do much more of it than we have ever done before. We will probably have to do it in a variety of ways. The mindset of the bureaucracy is going to have to change and we are going to have to figure out the role of governments in all this. This sounds a little extreme, even for me, but I would advocate that the private sector does not need your money any more. Stop giving them money. They do not need interest-free loans. They do not need your mortgages. They do not need you to subsidize their rents over the next 15 or 20 years.

Leave them alone. Let us move to those who are interested in actually doing affordable housing.

#### 1640

Let us see what we can do to provide them with programs that give them enough variety so that their particular needs will actually fit a government scheme. We have always traditionally said, "You have to kind of crunch what you want to into something that will fit a government program." Every member who has been here for a while will tell you that one of the things a member does a lot is go out in the community and listen to what people want to do. Then he comes back in here and tries to figure out which of the ministries has something going on that is pretty close to that, so that when they write up their proposal it fits into the ministry.

After a while, you know that there are people who get paid a whole lot more money than they make to throw pieces of paper off the table. They get proposals coming in from the community and they say: "This does not fit the program. It does not fit the six criteria we established last fall for this program, so it is disqualified."

Then after you have been here for a while, the next step is that you want to know not only whether they have a program that is close to the need, but also whether there is actually any money left in the program. You get used to the idea that governments of all stripes, it seems, like to announce multimillion dollar programs. They just seem to forget repeatedly to put the money or they say, "It is already allocated," or, "We are saving up for election purposes and we will make all the announcements next spring." People get there get confused because the television programs promoting these things continue to say whether there is any actual money in the operational end of them or not.

Part of my job as a member and of everybody else's job as a member is to match what you community is trying to do out there with what government programs are in existence, to have them write up their proposals so that they fit it, to find out whether there is really any money left in that operational budget or whether it is just a public relations program that is under way, and then to see if you can follow it through the system.

I cannot tell you how many times the most important thing I have ever done is to find out which bureaucrat lost the file. If you find out who lost the file, you very often find there is nothing wrong with the proposal; it just sat on somebody's desk for a while. The file was mislaid. It went to the wrong person. It v



posedly off for review by another section for the next two days and it stayed there for three days. It is on the way to the minister's office. The person who has to sign it has not signed it yet. It is at the bottom of the pile. All you have to do is find out who has the file. If you solve that big problem, you will have solved housing for 100 people. That is part of what a member does here.

That is where I think we need to go in that regard. We need to do it on a large scale. We need to sort out what is government's role in this. We need to identify whether the government has the assets here that would help others do it.

We know, for example, that the government of Ontario, in other places, owns a whole lot of land. Up in north Pickering there is a whole pile of land owned by the province and the federal government. I know it is sitting next to the big water pipe that was installed to provide a huge amount of service capacity for that whole region. This government wanted to do so, it could make a whole pile of its friends in the development industry stinking rich next year by offering this land to them, because it is prime market land, sitting there with most of the planning and zoning work done and with a service capacity there. People are talking about new highways and GO transit and all of that. You could make them stinking rich. You could also provide a whole lot of housing for a whole lot of people. It all depends on how you do it.

That is my little serenade on what we have to do in order to get some kind of affordable housing on the market.

I want to end my tirade by going back to one more. I do not seem to be getting very far with these, but it is an old one and I am going to give you one last little serenade on it.

There are a lot of people on the street these days. We used to think in Canada that we did not have any street people. We had some kind of awareness that the Americans sure had a big problem in this regard and that people slept in cardboard boxes in New York City, but that they would not do that here in safe old Toronto.

I remember going to Washington on one trip and outside our hotel, which was a very expensive hotel, there was an old black guy with shopping bags. He sat there for the six days I was in Washington. I never saw the guy move. I did not even see him rearrange his shopping bags. I do not know whether he ate or went to the bathroom but I know he never had a shower in that time. He had an old wool cap on and a full beard and a bunch of dirty clothes, and every-

thing he owned was around him. I remember looking at that, in the usual pious Canadian way that we have, and saying: "God, that's a shame. Isn't there anybody in this whole—"

When you go to Washington, DC, all of America is there for you to see, the grand avenues and the huge museums and the political power and more limousines than I have ever seen in my life, and here is this old guy sitting in front of my hotel. Nobody gave a damn all the time I was there. I was not quite sure whether I should go over and help the guy out, but then I was not exactly on friendly turf and I was not familiar with hostels in Washington or whether people did that kind of thing. I remember kind of thinking, "Boy, I'm glad that doesn't happen in Ontario."

Then I came back home and went for a walk one night just a couple of blocks from here. A guy was sleeping on the park bench, and he was a little cleaner—the Canadian homeless, I guess, are a little bit cleaner than the American homeless—but it seemed to me there was no difference. There was a guy who was camped out on a park bench in Toronto, perhaps a little cleaner, maybe he went to one of the hostels that are around here, but the exact same problem that I assumed, for some reason, was an American problem is right here.

Now we have a whole lot of people who are homeless, who need some shelter. They are around. In my town we are trying to expand the hostel services that we have, and about as fast as we can expand them they fill them up every night. But one of the first things we learned is that the hostel is not really the answer. It gets them off the street for a night; we say three nights in the men's hostel we run. In the women's hostel, they do not put on that kind of silly rule. I do not know why there is a three-night rule, but shelters are kind of like first aid: they solve tonight's problem. More than that needs to be done.

I admit they are difficult people to try to house. Much was made, for example, in the case of a woman who died, one of many who died here in Toronto last winter, of how there was hostel space available but she did not want to go. A lot of them are like that. They do not want to go.

I have been to a lot of hostels and I know the people who work there. They are good people and they are decent and they are trying to do something, but I am not too sure I would want to go and spend too many nights in a hostel either. Have you ever been there? Have you ever seen what they are like, what they smell like, what the people are like who are there, how desperate they are? Would you really want to stay with these

people for very long? Is this really a problem-solving exercise or is it, at its very best, a stopgap thing?

I do not know how to phrase this. There are some programs that are kind of announced; I guess that is the way to put it. I count these as the ones that get printed up in the *Toronto Star* as programs that are not quite official. They are sort of announced but they are kind of leaked in preparation, I guess, so that when the ministry assesses the response to the leak it can decide whether it wants to make it official or not.

There are plans in the works, it says here in the *Star*, for \$40 million for the homeless. That is fine; that is nice; if it goes to shelters, it might help a few folks. But I would like to think this has been around long enough that we know that the hostels are not the total answer. There has to be much more than that. We have identified, again, the size and scope of a particular problem about the homeless in our streets that I hope has nothing to do with this being an international year. I hope that was not our motivation.

If I had anything to do with things, I would avoid like the plague the international year of anything. I would be more concerned about the year before and all the years after. I am not interested in being aware of and interested in homeless people for one year of my life. That would be a pretty sad commentary on me and the things I believe in if all I could find is that, out of however many years I live, I was only interested in homeless people for one year. In 1987, I thought about them a little bit and I helped to design government programs for a year. At the end of the year we decided: "Sorry, homeless folks, that is the end of your year. We don't care about you any more. Goodbye." I hope we are not that cruel.

I am concerned that there is a certain vagueness about what the government intends to do about this problem that bothers me, because it does seem to me we have brought our awareness to this level: we know there are probably 10,000 or so around Toronto tonight. Across Ontario, there are probably 30,000 or so of these people. It is really hard to get numbers on it.

These people do not respond to census takers really well. They do not like checking in every night and saying: "I am homeless tonight; count me." People who run the hostels will give you some indication of how many people they were able to accommodate that night, but they will not know all of them. Cops on the street will know a little bit more about it perhaps than many of us would.

## 1650

I hear really disturbing rumours of people who are homeless who are out of the downtown area that is fairly obvious, and they wind up in neighbourhoods outside the downtown area because somebody thinks the solution is to move them from a back alley downtown to a front lot somewhere else and that solves the problem.

Psychiatric patients are an example. A whole lot of them have been transported many miles over the years, because the solution is, "Get them out of my neighbourhood, get them out of my alley, get them off my doorstep." As long as that is done, the person who is complaining feels that the problem has been resolved, that it has gone away, when it has simply been transported elsewhere.

I would appreciate it if you would try to give me a little more faith in the process, some hope that we have some sweet clue as to what we might do with these folks; that they are not totally forgotten; that we are not going to do something silly like dump them all into shelters when we know that is only part of the solution; that we have thought about and have some plans for something a little more long term than that.

What encourages me from time to time, just trying to be positive as I close, is that I meet some really nice people working in what are new whole new areas of housing, for example, people who are working with the homeless on a long-term basis. It is really quite remarkable some of the things happening now that would be thought to be unworkable solutions not too long ago.

There are people now who run a small home maybe only two or three units in the home, but a person can go in there and get medication. They could always get that, but there is also somebody to talk to. They understand that there are a lot of these people who do not know how to boil water. They honest to God do not know how to look after themselves. They do not know how to cook; they do not know how to sew, they do not know how to apply for welfare, they do not know how to do a lot of things.

For the first time since I have been a member, there are some, not a lot but some, who have the audacity to shut up and listen to another person's problem and then respond to it. It is neat. Every time I meet somebody like this, I am so encouraged that there is some bright person who has learned such a basic lesson. They know how to not just look at somebody who has a big problem and say: "Here is the solution for your friend. Here is \$40 million in a government



gram, and as long as you jump through these hoops, your problems will go away." They've also learned enough to just simply shut up and listen.

What is it these people need? They need some pretty basic things: a roof over their heads, a little bit of food, a little bit of counselling. Sometimes they need to learn how to read. Sometimes they need to learn how to tie their shoes.

The most dramatic example I can give you of this kind of response mechanism has to do with a young guy I met a couple of years ago now. He came into my office and he had a housing problem for starters. His problem was basically that he had no place to live. His name was Randy and he had been in jail since he was 16. He was 25 years old and he had killed somebody when he was 16. It blew my mind. He went into jail when he was still playing hockey. He had killed somebody, had gone to jail and had lived in an institution for the previous 10 years.

He said, "How do you get into a rooming house?" Then he went on through a variety of other problems that he had: he had no money and he did not have a job. He said: "Really, I want to get back in the can. I'm not ready for this. I don't know how to live out here. I've never lived on my own. I've never paid a phone bill. I don't know how to get a phone installed."

So we took him over to the John Howard Society and some of my friends there helped him for a while. But he came back in the next day and he said: "This isn't going to work. I just can't live with this. I want to go to jail." I called the cops, because they were police officers I knew well, and I said: "I have this guy here and he has a housing problem. Have you any halfway houses or anything like that we could put him into?"

The cop said, "What did he do?" I said: "He can't do anything. He is out of jail, he doesn't know how to live on the outside and he needs a little help." He said, "Is he on probation or anything?" I asked Randy and he said: "No. I served my time. I am out." The cop says, "He is violating a parole or anything like that." Randy had the answer. Randy said, "I am going to rob a bank." I said, "Hey, Randy, this is a little more, don't you think?"

We talked him out of that and people who were counselling him got him settled down a little bit. He came back a couple of days later and he had a rooming house. He had got a phone in and he seemed to be doing OK. Then the following week I read in the Oshawa Times that Randy did exactly what he said he was going to do. He took a knife and he went into a Bank of Montreal and

grabbed somebody around the neck. When he did that, our system really knew how to operate and nobody was worried about the cost.

We have a special weapons and tactical team in Oshawa. They do not call it that. They call it something else, but there are lots of cops and shotguns. Everything you could imagine that you see on television we have got. They responded immediately. As soon as Randy tried to rob a bank, they knew how to handle that. We knew how to take him through a court system. We provided him with housing on a long-term basis shortly thereafter in various institutions.

I am constantly amazed at how we will spend gobs of money as long as we do it in the traditional way. You know, if you went to a court and said to the judge: "We are not going to have any court session this year because we are a little lean for money. Sorry, but the courts cannot operate this year," this would be seen as being insane. This is despite the fact that every spring the jails are full and the courts have to do the cases in a hurry because the judges all want to go to Muskoka for the summer. The jails all fill up over the summer until the judges are damned good and ready to come back and hear the cases again.

As long as it fits the traditional mode of doing things, we know how to handle this. What I am really asking you to do is some things that other people have not done, to encourage those who provide you with nontraditional solutions, to change the way a Ministry of Housing is supposed to operate, to actually do something about that.

I really hope you do some of those things. To be fair to you as a minister and to all your staff, I am aware that about a decade ago, governments in Canada at the senior level, provincial and federal, decided: "We have enough of housing. We do not want to do this any more. We are sick of cutting ribbons," and they just left it. For about a decade nobody did anything. In my view, that is what is causing a lot of the problems around the shortage of rental accommodation, housing prices and a whole range of issues: basically, governments doing nothing. Now, at least in Ontario, there is a Ministry of Housing that is trying to crank up.

What becomes critical then is what your choices are. What directions will you take? Will you do the traditional thing, which governments always do, of bankrolling the private sector and hoping it will do something good? I am really going to encourage you to forget that. I do not think they need your money, I do not think they want it and I do not think they are really



interested in the kind of housing needs that I have tried to describe for you this afternoon.

I want you to try to look with as fair an eye as you can at what the other things are that we have not done. Can we do them on a scale that will have an impact? What will realistically do some good for some people? If we want affordable housing, should we not start to think about what we mean by affordable housing? We should be a little clearer in what our goal is.

I suppose there will be some within your ministry—you told me the other day that you are really going to be happy because you are going to hit 102,000 units. I am not unhappy, but I would be happier if I knew who was going to get in them, where they are, what they are going to look like and all that kind of stuff. I am just asking you to take a little different stance on how things are done.

I will close on this. I know, from other people I have known who became ministers of the crown, that one of the first big shocks that hits them is that ministers do not often have a hell of a lot of power around here. Their ability to actually change the way a bureaucracy works is somewhat limited.

I know people who fought for two and three years to get a display changed in this building when they were the ministers and they had nine million reasons why they could not change the display and the display never changed. The program that is called "Yes, Minister" should be taken off the air because it is so painfully true, the whole damned thing.

I do not have any fairy tale ideas of what the minister by herself can do, but I sure would encourage you to give it a shot. Amen.

**The Vice-Chairman:** Thank you. The minister has to step out for about five minutes, if that is acceptable. I think we can all—

**Hon. Ms. Hošek:** I am sorry. You had better make that at least 10.

**The Vice-Chairman:** OK, 10 minutes. Is that acceptable to you, Mr. Cousens? We can all attend to whatever functions we feel necessary.

**Hon. Ms. Hošek:** Thank you very much.

The committee recessed at 5:01 p.m.

1714

**The Vice-Chairman:** We are in session.

**Interjection:** Is Mr. Breaugh not coming back?

**The Vice-Chairman:** He is coming back. He has just gone out for a moment.

The minister's wish, as I understand it, is to respond during the individual votes subsequent

to Mr. Cousens's leadoff, if that is acceptable to him and to Mr. Breaugh.

**Mr. Cousens:** That is generally acceptable. I think Mr. Breaugh and I would prefer not just to go vote by vote. When we are as limited as we are in the time we will have for these estimates, what we may well do is suggest that we take all the items at the end and just do them at once. We might have free-wheeling questions over different areas.

**The Vice-Chairman:** Actually, the committee decided initially that it did not wish to do that.

**Mr. Cousens:** Oh, did they?

**The Vice-Chairman:** I think if we can get through the votes, it would probably be easier, perhaps you wish to have the minister respond in a different way.

**Mr. Cousens:** It sounds as if we will not have a chance for a ministerial response today, probably.

**The Vice-Chairman:** You have the floor.

**Mr. Cousens:** Thank you very much, Mr. Chairman and Madam Minister and all the Housing staff. I just hope something is happening today in Housing other than listening to the politicians. It has to be very painful for all the people of the government, but I guess it is one of those important processes that is part of the accountability of the system. I recognize it as a very important job and I also recognize that the minister and her staff have put a tremendous amount of effort into presenting these estimates in a very readable and clear way. I appreciate the work that she and her staff have done to tabulate them; it is no mean task.

It is something where everybody is trying to do their best and it is a system which has to improve. The fact that we are here shows, I think, that we all share that common intention, but there is a great deal to be done. One of the most important pressing social issues today, if not the most pressing social issue, is housing. It impacts on many people. All ages are affected. It is by that the challenge must be met; we have to do something about it.

If there is any one challenge that a Minister of Housing has, it is: what are you going to do differently to make it happen for those people who are in need of affordable housing, or those people on the streets, or those people who are seniors and worried about the future, or those who need home improvements, or those who have any number of problems with housing? The challenge, then, is very real and any Minister of Housing is going to want to make a mark and

and mark, to show there is a difference after he has been in the post.

I commend ministry staff and their people. I think it has been a most difficult time for a number of years, through different administrations, because staff have been there when suddenly housing has become the crisis it is. One of the people on your staff I know to be very conscientious and hard-working people; others I have met recently I give the same credit having a genuine interest in fulfilling the jobs they have to do.

When one sits in my post and looks on, one has to recognize also that one is not in the process of picking the staff people. That is not our job at all. I think we appreciate the fact that we probably have the best civil service of any jurisdiction in this country.

**The Vice-Chairman:** Do not go overboard.

**Mr. Cousens:** It has not been proved otherwise to me. I think that there is just a lot of quality there. The fact that some of these questions I will be raising may touch on functions people do not mainly is not intended to reflect on the people who are doing the jobs.

I am concerned that some of the sections of this report date back to mid-August and late August. Any revisions have been made to the preparations that have gone into these estimates, I would like to remind receiving any kind of updates. There may well be some amendments or changes and, if that could also affect some of the questions, we would have.

I am also interested in following what the Provincial Auditor has to say about different ministries. The Ministry of Housing did not do that badly in the auditor's report for Ontario. I did have something to say about Downsview, but I am wondering if there are any other audit reports that were presented during the course of the past year and whether they could be made public.

I am interested in knowing if the auditor is doing any kind of review, for instance, in the rent or areas of rent review and some of the computerization processes that have been going on because of the importance they have to the credibility the ministry has; credibility to ourselves who are interested in seeing that things are done correctly.

10

If we think the housing situation is a crisis in Ontario now, we had better fasten our seatbelts. It is going to get worse, I think. I am worried that if interest rates go up again, we could have much the same kind of problem we had in the early

1980s. There could be an awful lot of unsettled people who can no longer afford the houses they just bought. The definitions of affordability that we keep on trying to work on could keep on changing because of inflation and because of what the dollar is worth. Those very people might well be faced with eviction or losing their homes.

I am concerned about property values maybe changing downwards. Certainly the deputy minister, in some comments he made during the summertime, or maybe it was more recently than that, was talking about property values in Toronto and saying they may be overpriced and one way of helping—I am not trying to put words in his mouth, but certainly a point of view; should those prices in the value of property in Metropolitan Toronto go down, there are many people who are going to lose money at that same time when their own equity goes down but it makes it more affordable to someone else, so what is good for the goose is good for the gander. You cannot just come along and start pressing the balloon here without having it bubble somewhere else.

If properties values do go down—and that is always a possibility; it happened in British Columbia—how many people today are ready for that development? I think everybody just assumes they are going to go up and up and up, and as they do so, there are losers on both sides. That is the problem. If they go up, it makes it difficult for a person to afford a new place. If all the property values go down, the equity that people have, which is their primary investment, also depreciates.

As you look into the future, it is going to be a time of great challenge for your ministry to address many, many concerns. It is not only a time to react in a proactive way to the changing socioeconomic conditions of our province, but also a time to respond to some of the promises that have been made by the Liberals during election campaigns, most recently and back to 1985. It is time to look at long-term strategies that are going to work.

I have a number of things I would like to go through as I review the building industry, as I look at social housing, as I look at rent review and then as I look in general terms at the economy of the province.

Maybe I will touch briefly in the first place on one of the overriding considerations, which has to do with the economy of the province. I am concerned with some of the comments that are made in this book, *Economic Outlook and Fiscal*



Review: Ontario 1987, by the Ministry of Treasury and Economics.

On page 11 it says that housing affordability has deteriorated and will dampen demand. I guess the affordability is for a young couple starting out. Are they going to be able to buy their first home? That has to do with the ratio of mortgage payments to gross family income on newly acquired homes.

We have to be concerned about that and overall, as a government, fight inflation and keep government spending under control so that inflation does not come back. I think that housing affordability is going to become an increasing problem to our young people who are moving in, to find that chance of buying a home.

That is why one of the questions I asked in the House today is so important. One of the promises made by the Liberal government during the election campaign was to have a home ownership program to help make a new home, his first home, affordable for a young person. Again, nothing has happened on that promise.

I am concerned as well when you see the forecast on housing investment in this same review. Housing starts will be sharply down from 97,000 to 73,000 in 1988. Here you have an increasing need in and around Metropolitan Toronto, and you are going to have fewer places built.

Let us just look at what the building industry is all about. I guess what we have to do is realize that there have to be programs initiated by this government to work with the private sector. The private sector is increasingly separating itself from this government. They are not happy with the way Bill 11 and Bill 51 have been implemented and there is a breach in trust developing. They do not trust what this government is doing, and I am hearing more and more of them ask, "Where are we going to end up?"

They are also concerned with government regulations, all the different ministries that are involved within the housing industry. You are seeing all these regulations, and yet what are they doing but sometimes prolonging the process in obtaining an approval for a rezoning? Indeed, by having so many regulations and so much red tape involved for developers to have an approval for a new development, is this not, as well, escalating the cost of developing land and building new homes?

If ways could be found to reduce that time limit and to work more closely with municipalities and with industry—and here I throw out the thought that there might be incentives as there were in the

early 1970s, when the province gave incentives to municipalities to process more quickly the approvals for housing.

There is a sense by the industry that there is an overall housing policy for this province, no clear direction regarding rental versus ownership, in spite of the fact that we have been dealing with rental and we have all kinds of legislation around it now, there is still a gap in the minds of many people.

Mr. Breaugh may see it from a different perspective but he sees the same problem in that there are not the rental units being built. They are not coming in. Is that because there is a breach of confidence, a breach of trust, a lack of direction from the government, or is it because something deeper is going on? I feel that part of it has to do with rent control itself, and there may be other ways we can encourage private investors to become involved.

I think there is a definite need, though, for the ministry to establish links of co-operation and goodwill with the building industry. It is quite shocking when you see the statements made by the new president of the Toronto Home Builders Association, comments about the Minister of Consumer and Commercial Relations (Mr. Wrye) and the new contract that was established by the industry in response to some of the concerns that I, and indeed others, have expressed in the House. Again, that is an example of breakdown.

There is a concern, as well, with regulatory obsolescence in this province. This came out of the discussions that were held at the Constellation Hotel just over a week ago, the need to update and maintain regulations so that they are consistent across the province as they affect zoning, as they affect environment, as they affect so many areas. Regulatory obsolescence: what can be done to clean up the act all over the place? It is ongoing. We never finish cleaning it up, but at least let there be a stake in the ground that says we are going to move this far this year and this far next year.

I am also concerned with some of the zoning regulations that different municipalities have which prevent the development of new units, referred to in the minister's remarks. I was wondering where those 82 units were. I was afraid they might be in Markham. I was delighted when I found that they were in Newmarket. Even you did it in such a way that I said, "Well, how do we go again."

The fact is that every community does not like to have certain kinds of housing and certain kinds



development, but we have to somehow break through the logjam that begins to open up these opportunities for low-rental and new kinds of developments, the conversion of single-family units to multiple use. This has to be faced up to. There has to be some way of getting through it. What came through a housing conference that we did in York region last year, and I have been on the edge of that for some length of time now that I now understand what can be accomplished by it. As to the Renterprise program, everybody begins to wonder what happened there. How many units have been built or developed out of it? I guess we just want to know what has happened with that program. Mr. Curling gave me estimates that 5,000 units would be completed by the end of 1987 under that program. I guess at that point we liked what he said to say, but that just has not really come along. Maybe that is one of the reasons he is no longer there and this minister is there to give a fresh explanation to an old problem.

30

What has happened with the convert-to-rent program, the whole business of the low-rise rehabilitation program? I want some more numbers on it. There is some reference in the estimates, but it needs to be elaborated upon. I think we need to have far more clarification of the progress that is being made in all these programs. We would like to know just how much has been committed to them? How many units have been built? How many units will be built? Where will these units be built?

Maybe one of the things that needs to happen within this ministry is that the ministry make a bi-annual progress report, similar to the ones published by the Canada Housing and Mortgage Corp. Maybe there could be a more definitive statement made by the ministry on a regular basis. This could assist people in knowing what is going on. When we are in the middle of a crisis like this, let us not wait for reports from the war zone until so long after the fact that it is too late really to do anything about it.

We need to have better statistics coming out of this ministry. I realize the member for Oshawa does not like numbers, but I think it was a funny way of saying it. I do not want the member for Oshawa, who has such a powerful position in opposition, to discourage the ministry from putting out numbers. It is imperative that we get some numbers to compare what has gone on before with what goes on in the future and that they have targets to work to.

I would like to see more frequent and more regular presentations of statistics on what is going on within the housing industry, within the rental industry, with programs that the ministry is having—statistics outlining the supply and demand in the current housing market. This is going to assist everybody in knowing where we are at and what is going on.

At this point, so often we are working in the dark. Maybe the minister enjoys working that way, but I doubt she does. I think she would be much happier to shed the light on all of us and then—

**Interjection:** Not too much; we'll go blind.

**Mr. Cousens:** No other connotations? What a bunch!

Let us at least share what is going on. I do not think we do know that.

I am concerned as well that the whole building industry is waiting for different kinds of initiatives from the government that can stimulate growth, but more so is the small investor, who says, "My first home is my most important investment." When the member for Oshawa started off with \$23,000 for his first home, mine was \$26,000. Who knows what anyone else's was? We give away our age on this, when we start putting those numbers on the table.

The fact is, a young person today making \$40,000, which would be the guideline that was announced under your home ownership program, who can save \$1,000 a year for 10 years—which sounded so nice during the election campaign when it was announced—who goes to make his or her investment, or their investment in their first home, is not even going to qualify for a mortgage if the average price of a home in Metropolitan Toronto is going to be about \$200,000 next year, when this program is finally introduced, and this person is making only \$40,000 or the combined income of a couple is only \$40,000. You have got to do more than what you are beginning to suggest to do.

First of all, not having brought in the home ownership program effective for the year 1987 is, in my opinion, a breach of trust, the way the campaign was fought. It was a strong statement this Liberal campaign made to do something about it. It was assumed that if you got elected, you would do something about it.

I will go a step further. I thought for a while that the Minister of Housing was going to have the courage to announce it, but then I realized that although she is a member of the policy and priorities board of cabinet, she really does not have much influence over the Treasurer

(Mr. R. F. Nixon) and what he is doing. He prevailed, and that excellent idea of at least starting something to help the new home buyer has not been made effective in this year. With the way taxes are collected, it is highly unlikely that you are going to do it retroactively next year, because that just creates havoc for the Ministry of Revenue.

Why do you not do something to help these first-time buyers? There is a need for it. They know it is there; we know it is there. Let us see these programs introduced; let us get them going. We need to have programs to encourage home ownership, including condominiums. I hope that any kind of program you bring in includes that possibility because, let us face it, we are changing lifestyles. We are changing the very way in which people live.

I do not know how you solve it, but you have to do more than just announce programs and then not follow them through. This is a classic example, where at least you have the start of something. If you went and had the lot levy changed, if you had the provincial transfer tax on property removed, if you added a few more incentives to it, then you could stimulate the most important industry in Ontario, which is the building industry. It employs more people. It generates more cash. It is absolutely imperative that we have a strong building industry.

Here you have a chance to do something for both the industry and the first-time buyer. The money goes right back into the system.

**Mr. Miller:** I thought we did have a good year.

**Mr. Cousens:** I think we did, but for some it has been a bad year. We all ate apples yesterday, but some people—

**Mr. Miller:** I could not resist.

**Mr. Cousens:** I am glad you are there and you are helping out. Do something with the home ownership program, before it is too late.

I guess student housing does not fall on your shoulders, but because you are so interested in housing and you should be involved with all the ministries involved with housing, just realize that we know that the Premier (Mr. Peterson) made a promise on the University of Toronto campus during the election campaign to build 5,000 new residence spaces for students. That is another form of housing. Maybe this government does not know how to put all the housing problems into one pot, because it does not get a big enough pot for it—maybe that is it—but this is a problem at the University of Toronto. I know there are students who are not going to the U of T because

they cannot stay in residence and there are no longer places they can stay here. I know it is a problem at McMaster; I know it is a problem at Waterloo, at Wilfrid Laurier, and at my old alma mater, Queen's University. It has to be true in many universities right now—

**Mr. Breaugh:** You are a graduate of Queen's.

**Mr. Cousens:** I made a few mistakes.

At good old Queen's and all these other great universities we want to see our young people stay to, next year is going to be a peak year for universities. When all the students from grade 12 and grade 13 come together at the same time, the problem is going to be worse than ever. Though the promise was made, prior to your assumption of office, nothing has been done on it. That is tragic, especially for those who are going to be affected in such a negative way.

On the whole business of the land acquisition program, understanding that the ministry recently announced a \$25-million investment in nonprofit groups to buy land, understanding how this money can be used for deposits on land, that the government will guarantee loans by private lending institutions—I guess this money is coming from the now defunct Renter's program? Can I assume that? With a nod of the head? No?

One wonders where that money came from, but also which groups are going to get it, where is going to go and which communities are going to benefit by it. How much is going to go into Toronto? How much is going to go into Windsor? There is no one protecting Windsor around here. Who is going to protect Oshawa? There are a few.

**Mr. Miller:** Mr. Breaugh has his hand up.

**Mr. Cousens:** I want to help you too.

What can we do to see the regional breakdown of where all that land acquisition program is going to go? Is \$25 million the beginning or the end? Is there more to come and when is it coming?

It has to be a good program if you announce it, but let us just see what you are going to do with it. I do not think that has been too well presented at this point, so I would be interested. By the way, you are probably not going to have time to answer all of these questions in the time we have for estimates because of the abbreviated timetable. I wonder if the deputy and the minister might be able to prepare some written answers to the questions posed in the comments by ourselves, so we can have some additional information come out of it because of this short time we are getting for estimates.



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**The Vice-Chairman:** Thanks to the Conservative caucus, we arrive here next Monday and we will have more time.

**Mr. Cousens:** I am doing my best to make sure we come back. I would like very much to continue the discussion.

The social housing program of the province requires further review as well. What is happening with all the nonprofit initiatives, when there is a pledge for 6,700 units per year? Have those targets been met? I am looking at statistics at vote 03, page 110. I am wondering what the actual results mean—how many were approved and how many built. For instance, on project 3000, how realistic is the 1987-88 target of 2,058 units when the results for 1986-87 were less than half that, 1,200 units? Only \$2 million is pledged for this program. Is that possible for the number of units that are forecast, 2,058?

I also get a little confused—and it is so easy to get confused with some of these things—when the minister states there are 54,000 new units. I am wondering where they are, when they are coming and where they are going to go. I need some clarification on all the programs that are coming out of this ministry that have a social context to them.

How many units were actually built last year? How many will be built this year? Where are they going to be built? I would like to have a breakdown on a regional basis of where you are going to be building the affordable houses, the 12,000, the magic number that was announced by the Peterson campaign team during the election campaign this year? There is no doubt about what was in the ad. "We have done what we said we would do: David Peterson." Some good ad person put that together.

**Mr. Breagha:** He never said he would do it.

**Mr. Cousens:** Then he goes on to say, in the ad, "We will introduce the registered homeownership savings plan for first-time buyers that is cancelled by the federal government." I have already touched on that. They will, but when? How soon? If you are able to give some big numbers, well and good.

The next thing he said—good old David—was that he would complete 102,000 affordable rental units by 1989. Perhaps you can give us a breakdown of where, when, how, what on that so that we know that you were really following through on this election promise. I know the member for Oshawa (Mr. Breagha) does not like numbers, but I want to see that number. You are not going to hear the end of it until we see that

those 102,000 affordable rental units are coming by 1989.

Promises are one thing, but delivering them is another. The responsibility of this ministry is to deliver on those promises, unless you are telling me that it belongs to some other ministry. I would not think you would want to pass away any responsibility to anyone else, because you want to build a new power base, now that you are in cabinet. You want to be stronger and to have so much more going for you. Who knows what your aspirations are? Maybe it is to stay in the Ministry of Housing for ever, but I will not comment on that today. I am trying to be nice today.

**Mr. Breagha:** This is it, eh?

**Mr. Cousens:** I am trying to get the Christmas spirit. On the use of government land, I would like to know, and so would many other people, more about the campaign pledge of 12,000 units over five years, of which 4,000 will be affordable housing on government land. I do not know what land the ministry is going to use. There is a strong feeling growing that you are going to do it in the Rouge Valley in Scarborough.

**Mr. Miller:** We have room downtown for 4,000 homes. We need some jobs down there too.

**Mr. Cousens:** I would love it. Who knows? We could do it right at Queen's Park Crescent. You have to promise, and you have made the promise. You have said you are going to use government land. I have a question in Orders and Notices that is going to help answer that question. Talking with your staff last week, I understand they are beginning to gather that information and I look forward to knowing what land you are going to be building on.

One of the things the auditor pointed to is land around Downsview. There is land in North York beside the municipal offices. I think there are six or seven acres up there. I wonder if Mel Lastman knows what plans you have for that property. Do you have plans for the property around the Queen Street Mental Health Centre? You have land. Where are you going to build? What are you going to do with it? You have made a commitment to use government land. Let us find out when, where and what you are going to do with it. I would like to know the regional breakdown for the use of those lands.

We are dealing with the whole problem of homelessness in this province. I was struck by the eloquence of the member for Oshawa when he described the chap from Washington. I think all of us are beginning to see that in our own big cities. We do not know the numbers. I thought he



covered that extremely well. I would like to go on record in support of the kinds of things he was asking for to do something to help the homeless.

There is no doubt that there is something wrong when everyone in this room can enjoy the comfort and lifestyle he does and there are others within our society who have virtually nothing, except what can be in six plastic bags. People are living in bus shelters and tents. For a while, one person was even living in front of the Legislature. Has he been kicked off and moved to another territory? There was for a long time a homeless person out in front of this Legislature. By the way, he had over \$100,000, so there was a certain matter in his situation.

**Mr. Miller:** What?

**Mr. Cousens:** Sure. He had sold a condominium. He was making another kind of statement.

**Hon. Ms. Hošek:** He was making a statement about his homeless situation.

**Mr. Cousens:** Yes, so that one does not really fall into the category of some of those who truly cannot help themselves. None the less, I feel that as caring, compassionate people, all parties and all members of this Legislature, and especially the government, which has a chance to do something about it, should be making a far more real commitment to meeting the needs of the homeless. It may not be in just providing housing. It goes deeper than that. It takes counselling, it takes personal interaction with them, it means somehow bridging the gap that exists between them and the rest of society; maybe link-up programs with their families or their old communities, maybe some kind of encouragement to get back into the workforce. None the less, the homeless in this country continue to be a problem in the International Year of Shelter for the Homeless.

I am challenged by the opportunity the government has to address this and I am concerned that it does not seem to be doing enough. I would like to know what commitments are being made by this government for emergency shelter. I would like to know what this government is doing about the 30,000 people who are on waiting lists for assisted housing. I am wondering how many of them fall through the cracks and end up in the homeless category.

I am concerned about the number of people with acquired immune deficiency syndrome who are becoming part of that homeless group very rapidly. They are just like modern-day lepers. It is wrong that society forces them out, but we are doing it. Let us see what you are doing about that.

We see the whole question of intensification and around Toronto. We will see it in dealings the ministry will have with municipal governments. Do you have any incentives in mind to encourage communities to provide more low-cost housing? It is going to be through intensification, but is there anything you are doing to help make better use of the land, where intensification does by increasing the number of people who live on a certain acreage that is now underutilized considering what it can be used for? Are you introducing guidelines? Do you have guidelines that are forthcoming? How much of a factor has the Metropolitan Toronto planning committee played in your discussions? Is there any discussion going on between yourselves and them to try to develop meaningful guidelines that there can be more housing, more accommodation, more places for people in Metropolitan Toronto?

Intensification is a big word, but the other side is gentrification; and that is where you are seeing streets like my mother's in downtown Toronto is just being taken over. What used to be a home that had two or three families has now one family. Those who live next door to her have done a super job, mind you, gutting the place and making it so pretty and beautiful, and the property value has gone up. None the less, the two or three families that were served before are no longer there. Where have they gone, what are they doing and what are their chances for finding another place?

## 1750

They become part of the list of the 30,000 and they become part of the statistics. I know Mr. Breaugh does not like statistics, but that is a kind of statistic that is a person. If we are not going to worry about them, I do not know who

I am worried about rent review and I think the whole world is when it starts realizing the effect it is having and the way your ministry is dealing with it. The cost of it is just staggering when you start realizing that the province's rent review system has increased from \$7,885,000 in 1985-86 to \$13.8 million in 1986-87, an increase of 75.7 per cent. Estimates for the current fiscal year put the cost of the rent review program at \$25.2 million, including a special warrant of \$6.4 million, an increase of 220.5 per cent over the 1985-86 levels.

To this point, the only thing that the taxpayer has got in return for this incredible cost increase is a system that does not work and a housing crisis that the government seems unable to solve. The Ministry of Housing staffing has increased

from the level of 953 as of March 31, 1985, to 1,175 as of March 31, 1987, an increase of 33.8 per cent. Now the minister has been saying that he might hire more people to clean up the rent review mess they have created. One thing I would like to know is, are those people just on contract or are you hiring them permanently? Do you think you are going to have this crisis for ever and ever and ever?

The salary and benefits bill for the Ministry of Housing has climbed from \$37.4 million in 1985-86 to \$43.9 million in 1986-87, an increase of 17.3 per cent. In 1987-88, main estimates indicate that the salary and benefits bill for the ministry in the current fiscal year will be \$45.9 million, an increase of 22.7 per cent relative to 1985-86. Amazing.

Let us just get to some of the details of rent review. First of all, we have got the rent registry. Stop on wondering—the minister had a question today and there will probably be more before too long: how many notifications have gone out to tenants? When do you expect to have the rent registry fully working? Maybe I should ask the simple question: do you ever expect it to be fully implemented? Now, I do not want to be optimistic, but do you think it will be in this decade?

**The Vice-Chairman:** There is no rule against optimism.

**Mr. Cousens:** There is not? I would not want to get kicked out of your committee. You are with a good chairman. I think you are doing a good job.

**Mr. Breaugh:** Stop sucking up to the chairman.

**Mr. Cousens:** Who knows? If he is going to be spending the weekend here, he had better enjoy it.

**Mr. Breaugh:** He gets real snarly on the weekend.

**Mr. Cousens:** Let us really come out with the truth. Let us turn on the lights and find out what is happening with the rent registry. That was started; it has not ended. Give us an up-to-date situation on it. When do you really think it is going to be working? When do you think someone is going to be able to phone up and have a better than 90 per cent chance of having someone answer his question?

What about the legislation that you are already trying to deal with? The ministry is having an undoubtedly difficult time educating the people affected by Bill 51 and Bill 11. Have you any suggestions on how you are going to address

those concerns of landlords, tenants and everyone else? I have not seen any literature from yourselves that begins to make it easier for people to understand. It is not easy in the first place, but what are you really going to do to help people get a better feel for what it is all about? Are you really beginning to target the people who can benefit most from that legislation? Do they know what it means for them? How many people have had that satisfaction of knowing that they have certain protection under that legislation at the present time? Are you satisfied that you have told all those who could actually benefit by that legislation that they are in fact beneficiaries of it?

I am interested in knowing what the status of Bill 11 is. This is the Rental Housing Protection Act; and we all know that it expires next spring, it has got a sunset clause on it. What are your plans then; or do you have any plans? Have you had a chance to get to it? Maybe you are too busy working on the 102,000 units or some of the other promises; but let us face it: do you have any plans? Have you considered it? Could you discuss that?

On your statement somewhere here I have a lot of questions about the maintenance standards under the Residential Rental Standards Board, how it operates and what the status is of cases that are there to date. I am concerned as well about just the total cost. If we have seen costs escalate as we have in the whole estimates for your ministry in the last two and a half to three years, what can we expect in the future? Do you have a five-year plan? I realize again that the New Democratic Party does not want numbers. I would like to know if you have got a five-year plan so that you could give us a better sense as to where your ministry is going to go with this spending of dollars.

**The Vice-Chairman:** The five-year plan is quite a Marxian concept.

**Mr. Cousens:** That is good. I would go along with it this time. I did not when they had it over there.

**Mr. Breaugh:** You will just have to sit on the central committee.

**Mr. Cousens:** I can walk on both sides of the street at the same time.

I want to know where the dollars are going to go and what your plans are for it. I guess that is part of the problem in dealing with estimates. It is on a year-by-year basis. We have a good picture of what has gone on in the past; it is 20-20 vision. But in the future we would like to get a feeling of the trends that you are now making, if they are in

fact going to be the future trends of the way money is spent.

The accountability that must go on within the ministry to the people who are to be served is the number one consideration that I would like to bring to these estimates, the accountability to people of all ages who are looking for housing. We touch on all those people and we know that there is a job to be done to service their needs. We know that not all people can help themselves. We know there has to be a relationship between government and business in order to work out effective and working programs.

But what we have got to see from yourself is leadership. We have got to see something that shows the people of Ontario that this minister, with this ministry, is going to make a difference. That difference will not just be in the use of the English language to describe the same old hackneyed programs renamed, renumbered and reconfigured; it will be by action and results that show the people of Ontario that in fact you are going to be using government-owned lands, you

are going to be satisfying the promise of 102,000 affordable rental units by 1989, you are going to help the new first-time home buyer have a start, and you are going to follow through on the commitments that have been made.

I would also like to see some sense in which your ministry is taking a lead role with other ministries in protecting new home buyers. It was referred to in the speech from the throne. We know that the Ontario New Home Warranty Program is 10 years old. It celebrated its 10th anniversary.

**The Vice-Chairman:** I know that you are in a full flight, but it is six o'clock. If it is convenient for you, we could resume tomorrow after routine proceedings so you could continue and conclude your remarks.

**Mr. Cousens:** I look forward to that.

**The Vice-Chairman:** OK. We will resume tomorrow after routine proceedings.

The committee adjourned at 6 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Chairman: Laughren, Floyd (Nickel Belt NDP)

Vice-Chairman: Wildman, Bud (Algoma NDP)

Down, Michael A. (Algoma-Manitoulin L)

Illins, Shirley (Wentworth East L)

Tier, Ruth A. (Etobicoke-Lakeshore NDP)

One, Laureano (Downsview L)

Urland, Margaret (Mississauga South PC)

Guigan, James F. (Essex-Kent L)

Clash, Frank (Kenora L)

ller, Gordon I. (Norfolk L)

seman, Douglas J. (Lanark-Renfrew PC)

## Also taking part:

Breaugh, Michael J. (Oshawa NDP)

Cousens, W. Donald (Markham PC)

Clark, Decker, Todd

## Witnesses:

## From the Ministry of Housing:

Łšek, Hon. Chaviva, Minister of Housing (Oakwood L)

urch, Gardner, Deputy Minister











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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Housing

**First Session, 34th Parliament**  
Thursday, December 17, 1987



**Speaker:** Honourable Hugh A. Edighoffer  
**Clerk of the House:** Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 17, 1987

The committee met at 3:38 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF HOUSING (continued)

**Chairman:** The standing committee on resources development will come to order. I understand that at the conclusion yesterday afternoon Mr. Cousens was near the end of his remarks as the critic for the Conservative Party that he wants to make a few more remarks this afternoon.

Since this will almost certainly be the last day of estimates for the Ministry of Housing—since when the Legislature sits next week the committees will not be sitting, so I suspect this will be the last day for the Ministry of Housing estimates—the committee members should think about how they wish to utilize the two and a half hours remaining in these estimates.

Really it is up to the committee whether you wish to divide it up into votes or whether you wish to simply throw it open and at the conclusion at six o'clock vote on what is left, or whether you would leave it wide open and not conclude the estimates, in case at some future time the committee would reconvene to entertain the estimates. I personally think that would not be a good idea, but the committee has that option.

**Cousens:** Because I agree with you in the long point, that we probably will not have a great opportunity for estimates because this probably be our last day, if I am allowed to make my remarks—and I will cut them short—I will support having the remainder of the time be ranging across issues. I would be quite supportive if the member for Oshawa (Mr. Brough) were to have part of the time and our committee would have part of the time and just touch questions and answers to the general areas we have touched on, and our concerns. Then we could vote on it this afternoon.

**Brough:** Yes, fine.

**Chairman:** Other members of the committee, any problem with that? All right. Let us move on with Mr. Cousens's remarks, and then I am sure the minister would like an opportunity to respond to the savage attack upon her that the two

critics have launched in the last couple of days. OK? Go ahead.

**Mr. Cousens:** I was commenting on new home buyers and protection for them, which was referred to in the speech from the throne. This has been the subject of great concern in my riding, especially with over 8,000 new housing starts in 1986. Many of the problems they had could be resolved by sharper guidelines and an understanding of the responsibilities of the new home warranty program and a closer working relationship between the government and the building industry.

I am concerned that this government might try to legislate common sense into an industry that is already extremely sensitive to any kind of change. I would hope the government, instead of taking that kind of strong-arm tactic—in other words, trying to force things—will be conciliatory and work with such groups as the Toronto Home Builders Association, the Ontario Home Builders' Association and the different associations, rather than work against them.

I think the Ontario New Home Warranty Program needs to be changed. It has been in existence for 10 years and to allow it to continue without some redefinition of major problems is a pity. We do not even know what a leak in a basement is any more, because when a person is having a flood in the basement, that is not covered by the warranty program.

I wish the warranty program could be effective immediately when a person buys a home rather than when he takes possession. During the time from when they purchase to when they take possession, there could be some kind of conciliation that is worked out between the buyers and the builders, which they could pay for through an independent body of the warranty program, to assist them in resolving problems that arise.

When a new home buyer says, "I wanted to have brown cupboards in the kitchen" and the builder cannot get brown—and he truly cannot because they are not available—and the buyer says, "I do not want what you are substituting with," then the fight starts. If there was someone who could come in at that point and help them work out these problems and not use lawyers, not use the high-expense things, the warranty program might be able to help arbitrate some of the

problems that exist from the time of order to the time of possession.

I think there should also be consideration of builders or developers being allowed to sell property to people before the land is registered. Though they have the best of intentions, what can happen is just a natural process that takes place that can delay the beginning of construction. The kind of problem that we had in Bolton occurred recently in my riding and we were able to work out a satisfactory arrangement with the builder, the developer and the people. It has not had to become an item for the attention of the media. I think that was good because it was a responsible builder.

By the way, people are busy knocking the building industry and better than 90 per cent of them are excellent builders. You are talking about a small group which is not responsible and it is that group we have to weed out. If the new guidelines the Ministry of Consumer and Commercial Relations brought in earlier this year could be strengthened so that the builders themselves might be able to weed out the bad ones, or the warranty program can weed out the bad ones, then that can protect the new home buyer from these very few unscrupulous builders who have numbered companies and then re-appear under a different numbered company.

It is a very serious problem, but only serious for those who get the bad builder. Probably the most important decision anyone ever makes when buying a new house is, in fact, the choice of builder. Choose a good builder and then you are in business. If you are buying a cottage property, look at the location and then you can do it. We have more good builders than bad, but the bad ones give a tarnished reputation to those who are left.

What we can do between government and the industry to help make sure that the buyer is protected is indeed an important area. A number of things need to be done to protect the new home buyer. I guess it does not really come under your purview, which is too bad. One would expect the Ministry of Housing to be responsible for housing, yet this comes under the Ministry of Consumer and Commercial Relations. Really, I suppose you do not have any input on it, but you are on the policy and priorities board so there might be some things you could do if it were a priority to the government. It was in the speech from the throne, but nothing has been forthcoming.

I could say more on that, but I will leave it be. I missed one point in my rent review section

yesterday. There are still a number of discrepancies in the system. We all know there are but I have a situation of a landlord who is refusing to rent vacant apartments at a time when the dire need in Metropolitan Toronto. We are talking about a gentleman whose name is Lawrence Smither, a small landlord relating to the standards that we have been dealing with. Some of the others have large properties. He has three vacant apartments at Bloor Street and Old Mill Road.

These units have been vacant for over a year because Mr. Smither wishes to charge \$425 a month, but he is restricted to \$330 per month under the rent review guidelines. He has a problem of having property available at that price he wants seems fair enough that other people have signed a petition in request of those units; 1,400 people are lining up.

**The Vice-Chairman:** They cannot all fit into the three units.

**Mr. Cousens:** They are not going to fit. They are indicating that they support the commission. He is raising that, to get a return on his investment, he should have some way of bringing this out, which is contradictory to the rent review guidelines.

Surely \$425 a month is a reasonable charge for a two-bedroom apartment in Metropolitan Toronto. So what do we do? We are dealing with a principle behind which there is a restriction that protects tenants. But there must also be a method of realistically addressing chronic depressed units with safeguards that not only protect the tenants but—in cases such as this where there might well be some additional justification for circumstances that had not been fully understood under the guidelines of the commission or under the rent review board—also allow a landlord to charge a reasonable amount for those units. Meanwhile, these units are empty because Mr. Smither is not prepared to rent them out under the existing guidelines of the legislation without having a better return on his investment.

This is a point that I table for concern. These are real problems. I do not know how you handle them easily because of the whole philosophy of rent control.

My final point has to do with the relationship between the ministry and the Legislature. This is the first time the Minister of Housing (Hošek) has made a statement in the Legislature with regard to housing, but there have been statements made outside of the Legislature and outside of the sitting of the House.



an example is in the Toronto Sun today. It said, in advance of the Legislature's receiving information, the headline, "Homeless Get Million Lift." It says, "The aid package, during the next two and a half years, provides construction of up to 10 new hostels," and it goes on to describe much of what was announced.

I want to ask the minister if she would comment. Is she going to deal with the Legislature first or with the media and others first? Who is first in her priorities? The people who are in housing are the first priority. But to whom is she reporting: to the House or to the media?

There has traditionally and historically been a communication gap between different portfolios and the Legislature, which has been skipped in this instance. If it can be liberated, I would like to know. Is this a new policy? Is this the way the minister is going to operate from now on? Shall we start buying the paper all the time and support the Toronto Star, or are we going to be getting the information in the House, to have our first chance to look at it? It has appeared in the Toronto Star: "Ontario Announces Housing Plan for Homeless." It goes on to describe much of what was done. It was also in her article in the Star. I would really like to know where the minister is coming from.

I realize there is an important need out there. I realize there is a short-term emergency for the homeless. I realize the province has to begin, at last, to respond to this need. It does sound encouraging that you are beginning to look into some of the stopgap measures and find some solutions and set up some interim shelters, instead of some of the other things that have not been happening.

Link you are also saying the right words and moving to more permanent solutions. The bottom line on this is not that you are at last doing something, although a little bit late, but it has to do with the fact that you are going to the media and you are not coming to the Legislature, thus wasting the resources that we have in this House for this kind of important announcement. I would be very interested in the minister's response as to whether this is a new policy or a continuing policy. Is this going to be what we are going to do in the future, especially when the House is sitting? If the House is sitting, is that where you are going to be talking? If it is, I would like to see it here today.

It's kind of a sour note to close on, but it is a way of dealing with the Legislature, which is the first responsibility all of us have. If this is

the way it is going to be, I think it can cause very, very difficult relations.

We have an important job to do. The job is not one to be taken casually. I think the deed will count more than the words. Yet we need to describe the problem and we need to use words in these committees in order to get around them.

I trust the minister will try to respond to these questions and concerns that I have raised. I would be most grateful if the minister and her staff could also commit—if there is not time during estimates because we are being cut short in the time that will be available to us—to go through some of the comments that have been made and prepare written comments. Maybe she could begin by commenting on whether there would be a willingness on the part of her staff to give some written responses to some of the concerns, because I have every reason to believe we will not begin really to get into all the issues that I would like to.

Thank you for your attention. I appreciate the staff's and everybody else's concerns and hope that we can really get some good, hard answers.

**Hon. Ms. Hošek:** In response to your comment about the media, I should tell you the information that appeared in the media today did not come from our office. It was not released by us. We released our information in the House today and also at the Homes First Society, which is a place where people who used to live on the street now live and is an example of the kind of project that we are interested in funding. So that information did not come from our office.

**Mr. Breough:** Who does that work for you?

**Hon. Ms. Hošek:** Sorry?

**Mr. Breough:** If your office did not do it, they obviously got the information from somebody.

**Hon. Ms. Hošek:** I have no idea how that information got leaked, sir.

**Mr. Breough:** Is the KGB in red ties over there?

**Hon. Ms. Hošek:** We were working together with the Ministry of Community and Social Services and have—

**Mr. Breough:** Ah, leaky Sweeney.

**Hon. Ms. Hošek:** No, absolutely not. I have no idea how that information got out.

**Mr. Breough:** It was in all three papers.

**Hon. Ms. Hošek:** I would like to know. It did not come from our office. That is the only clarification I can give you. It did not come from our office.



If I could respond to the other questions that were raised, first, of course, we have the utmost respect for the ordered process. We will be glad to answer any question that you have. What I would propose to do right now, since Mr. Breagh and Mr. Cousens both asked many questions in their comments, is to respond to those questions in the order in which they were asked. Before doing that, as part of the answer, I will ask Murray Wilson to give us a short presentation on the social housing process, and then have a very short presentation on rent review.

If I could do this, then I would propose to answer the rest of your questions in order. Is that acceptable to you?

**Mr. Breagh:** Fine.

**Mr. Wilson:** I am Murray Wilson, Ministry of Housing. The ministry has responsibility for assisting local communities to meet their housing needs. The ministry funds a range of programs designed to assist local nonprofit groups in the private sector to develop affordable housing.

While the private sector plays an important role in the housing market, the neediest members of society are served by the local community through the nonprofit housing program. In this program, the government provides the resources for local nonprofit organizations to address the housing needs of low- and moderate-income households in their community. These resources consist of not only the money for capital and ongoing operating expenditures, but also the guidance and expertise they require to learn the complex business of housing development.

The nonprofit program includes the jointly funded federal-provincial program, as well as the unilateral provincial initiatives, such as Project 3000 and the 3,600-unit initiative announced in August as part of the assured housing strategy. The local groups include co-operatives, ethnic and religious organizations, service clubs and municipal corporations committed to meeting their own community housing needs.

Over the past two years, we have witnessed an enthusiastic interest from locally based organizations involved with the physically, developmentally and psychiatrically handicapped, the homeless and battered women, as well as from groups that want to develop affordable housing for families and seniors.

At present, there are approximately 14,000 units under management that have been developed by nonprofit groups. Annual provincial subsidies to these groups exceed approximately \$28.5 million.

The development of rental housing is complex and a time-consuming process that requires a high level of technical skill, good organizational ability and the knowledge of housing markets. This is particularly true for nonprofit housing where the groups that develop housing projects are often committed community leaders with little or no experience in housing development. Our task is to help these individuals to become housing developers.

The groups also rely heavily on the assistance of professionals drawn from a number of fields such as architects, engineers, development consultants, lawyers, property management consultants, builders; tradespeople, including carpenters, bricklayers and electricians; and, of course, financial institutions.

Clearly, the development of social housing is a major vehicle for job creation. We estimate some 15,000 person-years of employment are created each year in producing the federal-provincial units.

I would like to take a few minutes to discuss the development process to illustrate the complexities involved and to highlight potential problem areas.

The development process is based on a two-year cycle, from the initial proposal through to construction start. The process begins in January of each year, with an advertisement in local newspapers calling for proposals. Community groups interested in developing social housing. A deadline of May 15 is set for the submission of proposals.

By this time, proponents who wish to develop a nonprofit housing project are required to submit a plan which identifies the people to be housed in the project and the range of income to be served; (b) complete a survey of the community to ensure that the need and demand exist for the project; (c) demonstrate that a site is available which is appropriately zoned or has the potential for rezoning within a reasonable time; (d) also, the group must be able to demonstrate that it is a viable organization with the capacity to develop and manage the project for the 35-year term of the agreement.

This government's commitment under the assured housing strategy announced in December 1985 is the production of 6,700 non-profit units annually. While this is a significant increase over previous years, it is still insufficient to satisfy all the demand. Only the best projects are selected to proceed. However, some of these projects may encounter obstacles. Our regional offices select an additional 2

over and above the 6,700 available units to are full take-up of the allocation.

After a thorough review of the proposals' and many discussions and negotiations with potential sponsors, the successful proponents are advised in August that they should proceed to the next step of the development process. Accepted groups are now eligible to receive interest-free loans from the ministry to assist them in preparing a more detailed proposal. These loans cover organizational and technical expenses.

In this phase, project sponsors must firmly secure a site for the project and initiate any necessary rezoning application. In the zoning process, the project will come under close public scrutiny and may be subject to opposition from all individuals or community groups.

Towards the end of October of each year, selected groups must submit preliminary drawings, final management plans, further need and demand data and a strategy for selecting a lender, and identify any outstanding requirements.

Following detailed review of the proposals, the ministry reduces the number of units that will proceed to the next step to the 6,700 that will initially be committed. A 15 per cent reserve list is established to be available in the event that one of the selected projects cannot proceed.

In January these groups are informed by the minister that they have received an allocation conditional on satisfying program requirements in August. Further development loan funding is available to allow the group to complete the final-phase submission, which includes: working drawings and specifications, tender documents, a market-read survey and a draft mortgage commitment.

Projects that have an appropriately zoned site and meet other program criteria are authorized to proceed with a tender call to obtain firm construction prices. Once the tenders are received, the group will normally select the contractor with the lowest bid. If the lowest bid is too high, the group will attempt to negotiate a better price with the contractor.

When the final project cost, construction contract and management commitment are submitted, and if our requirements are met, a project now may be given final approval. The group will then obtain mortgage financing for the project and enter a housing agreement with the ministry.

As illustrated, the development cycle ends approximately 24 months after the initial proposal, with the project ready to start construction. Construction of a project usually takes

anywhere from nine to 14 months. During the construction phase, ministry inspectors visit the site to ensure the building is constructed to approved plans and specifications and to approve advances on the mortgage for value of work completed.

Five months prior to project completion, the first-year rents are set and the project sponsor begins to select and prioritize tenant applications. Ontario Housing Corp.'s local housing authority has the opportunity to refer applicants from its waiting list to 50 per cent of the units assigned to low-income households. The ministry enters into a 35-year agreement with the nonprofit project, which ensures that operating budgets and rents are established in accordance with program guidelines.

Groups are required to manage the projects in an efficient and professional manner. The agreement ensures that subsidies are paid by the ministry, and the federal government where applicable, to cover operating losses for the entire 35-year life of the project.

The typical social-housing development cycle that I have outlined is repeated each calendar year, but as I mentioned earlier, the development process is complex and contains many obstacles that affect the delivery of social housing. The challenges I am about to outline to you are not unusual within the development industry. They are simply more pronounced for nonprofit corporations, many of which are first-time developers.

In Metropolitan Toronto and other major urban centres, it is becoming increasingly difficult to find land that is suitable for the development of housing. Appropriately zoned sites are often sought after by the luxury rental and condominium market and, as a result, are out of the reach of social housing developers. In Metropolitan Toronto, for example, the average site sold for condominium development will cost about \$35,000 per unit. The cost guidelines for nonprofit housing, on the other hand, will support only about \$16,500 for a family apartment.

In order to deal with these market conditions, nonprofit groups often have to select sites that are not zoned for multiple residential use and take their chances on being able to move the project through the rezoning process in time to meet the program application requirements. Nonprofit groups must often use all their creativity and knowledge of the housing market to negotiate with land owners long before the ministry's call for proposals is announced.



One example which illustrates this point is the Dorothy Cline seniors' housing project in the city of Toronto. This group initially identified a parcel of land in 1983 and began work to obtain appropriate zoning for the Ministry of Housing's proposal call in 1987.

To address the scarcity of land and the difficulty faced by nonprofit groups in securing land in time for development, the minister recently announced a new initiative to provide access to loans for land acquisition to nonprofit groups.

In most communities, rural and small town as well as the major urban centres, social housing proposals will involve sites that are not currently designated by the municipality for the type of housing proposed. Based on this, the group must take steps to bring the project into line with municipal requirements.

Generally speaking, however, the rural-urban differences in this process are rather pronounced. A rezoning and official plan amendment in major urban areas can take up to 18 months. A similar process in a smaller municipality may be accomplished in half the time. Some nonprofit groups have obtained full rezonings of land in Port Hope, Pickering and Oshawa in a period of seven months. On the other hand, in the city of Toronto, both the Dorothy Cline seniors' housing and Cityhome's Greenwood-Walpole projects had to go through an 18-month rezoning process.

The introduction of a social housing project into an established community is often met by some degree of resistance from the local community or ratepayer groups. Typical concerns of these groups are that the project will result in increased traffic, noise and lower property values. There may also be concerns raised that the people to be housed in the project will not be appropriate for that community. These concerns are particularly pronounced for projects intended to house people with special needs, such as the psychiatrically or developmentally handicapped. Understandably, establishing a senior citizens' project is more acceptable to communities than a similar-sized family housing project with a high ratio of low-income households.

Social housing is still relatively new, and it is not at all surprising that communities respond with a degree of caution and perhaps some fear of the unknown. What a community does not know about a nonprofit project may set the stage for large-scale community opposition.

As I mentioned earlier, much community opposition is based on the notion that property

values will fall as a result of increased traffic, parking problems, poor maintenance, desirable households, loss of privacy and reduced safety. As you can see, if a project is to succeed, a group has to deal with these perceptions. We believe the community based nonprofit groups is a major advantage for their addressing community concerns.

Disadvantaged individuals such as developmentally and psychiatrically handicapped, battered women, substance abusers and homeless persons need subsidized housing with additional social support. These special needs projects form an added burden in overcoming site selection, zoning and community acceptance obstacles.

In order to maintain a lower profile, these projects are often developed by acquiring and modifying existing buildings rather than by new construction. Generally speaking, local bylaws now restrict group homes to three to five individuals. Each municipality sets out its own performance standards with respect to type of dwelling, parking and distance between of similar uses. These requirements are stringent and therefore reduce the number of sites that are available. Special needs projects must satisfy the neighbourhood that safety and security needs will be met.

The federal-provincial nonprofit housing program delivers modest-cost housing for households of low to moderate income. To ensure that modest housing is produced, Canada Mortgage and Housing Corp. and the Ministry of Housing establish capital-cost ceilings for different building forms. These are known as maximum unit prices.

With the high cost of land and with other components of capital cost increasing rapidly, it is often difficult for nonprofit groups to build within the maximum unit price. When a nonprofit group has completed the project design and calls for tenders for construction, the bids received often exceed the money available. In these cases, the nonprofit group has little choice but to try to negotiate a lower price with the lowest bidder. These negotiations usually mean changes to the project design or specifications. Some nonprofit producers feel that the compromises made at this stage are not in the best long-term interests of the project.

The minister recently announced adjustments to maximum unit prices in some market areas. These adjustments will go a long way to address these concerns. At the same time, the minister continues to work with our federal partners to ensure that these essential cost-control mechanisms



ns do not inhibit the ability of nonprofit  
ups to produce quality affordable housing.

**Challenges:** The challenges outlined here are limited to the nonprofit program. Developers of affordable housing under any of the program icles available must overcome similar obsta-. Finding the appropriate strategies to cope h these complexities is a major challenge we e in the Ministry of Housing, and we believe we are equal to the task.

**The Vice-Chairman:** Just in passing, I was king at your developmental cycle, and it ck me that it is about the same length of time the gestation period for the birth of an phant.

**Ion. Ms. Hošek:** Could I ask for Rita Burak, Parker and David Braund?

**Ms. Burak:** Very briefly, I would like to in our presentation on rent review by asking Patrick Laverty, the director of the rent ew policy branch, to provide a brief overview the policy framework of our legislation. Then will ask David Braund, the rent registrar for ario, to provide you with a real-life demon- tion of the registry. Finally, Jim Parker, who he director of the rent review services branch, give you an update on the implementation of act and how we are handling that large ber of applications. I will turn the micro- ne over to Dr. Laverty.

**Dr. Laverty:** In July 1985 the government ounced its intention to introduce several or reforms to rent review. It was effective ust 1 of that year. Included in this pledge was hange in the guideline, the extension of trols to post-1975 buildings and the imple- tation of a rent registry.

n December 1985 the government announced ssured housing program, which established general framework for rent review and for sing policy more generally. At the same time, government introduced and passed into slation amendments to the Residential Ten- es Act which lowered the rent guideline from per cent to four per cent, and we extended rent ew to all pre-1976 units renting for \$750 or re.

n addition, the government tabled draft slation dealing with wider rent review rep- n. The government also established the Rent ew Advisory Committee, which was com- ed of both tenants and landlords, to advise the ernment on policy implementation.

Over the next four months the advisory committee struggled with the concepts that would govern the new system of rent review. On April 18, 1986, the committee reported an agreement to the government covering some 108 recommendations which were largely incorporated into subsequent legislation.

In August 1986 this committee, the standing committee on resources development, began consideration of the Residential Rent Regulation Act. After extensive hearings in Toronto, Thunder Bay, Kingston, Ottawa, London and Windsor, the committee debated and approved the new legislation. On December 3, 1986, the Legislature as a whole gave final approval to the new system of rent review.

The major features of this new legislation were: a rent guideline that adjusts in response to changes in rate of cost increases; extension of controls of post-1975 units with provision for a rate of return; implementation of a rent registry; introduction of cost-no-longer-borne provisions; continuation of the five per cent cap on the portion of rent increase related to building sale; establishment of the Residential Rental Standards Board; a commitment to enhance tenant and landlord information; and a new administrative review process for rent review.

That is a brief statement of the policy that was developed and implemented.

**Mr. Braund:** The rent registry is the key element in the new legislation related to the protection of lawful rents. The aims of the registry are carried out by computerizing information collected from landlords and other sources and by a proactive program of investigation and resulting actions to maintain rent at lawful amounts.

The legislation created two phases of registration. In phase 1, the more sophisticated landlords of residential complexes containing more than six rental units were to file by May 1, 1987. In phase 2, the 200,000 landlords who owned complexes of less than seven units, or boarding houses, are to file by a date yet to be prescribed.

MHRRIS, the Ministry of Housing rent registry information system, is an on-line inquiry database management system which permits access to recorded rent information through terminals located in 21 local offices around the province, over the counter or by toll-free telephone to the public. Our demonstration allows you to see the type and amount of data that are available to the local staff member answering an inquiry from a landlord, a tenant or a prospective tenant of a specific rental unit.

The time it takes to go through the screens that allow a staff member to answer specific questions is shorter than what you see here because we are using slower data communications equipment here. The system permits the staff member to choose between various options, including single-unit information to be given over the phone or multiple-unit requests for printing lists of rents for all units in a building. The staff member calls up the building by its municipal address through a feature which allows for misspellings and displays a number of different buildings out of which the appropriate one can be selected.

The system includes past and recent orders; registered rent information, which is generally the 1985 rent; calculation of the current rent updated through guideline increases and orders; number of bedrooms; services included in the rent; separate charges and so on. The "current rent" screen indicates the rent that should be charged; the calculations behind that screen are based on prior orders and rent registration.

The registry has recorded some 500,000 ordered rents for specific rental units, which is the 10 years of history that came into the system in 1985. As well, we have recorded information for some 166,000 units so far, in a process which will eventually put 550,000 units on our system within the next few months.

Out of all of this data we have to make a comparison of the previous ordered rents and the registered rents in a process required by the legislation called order comparison. Order comparison generates from our system a notification which is sent to the landlord and to the tenant. We can provide you with a copy of the notification that would be sent out in the specific case that we are showing you here today.

The notification also sets out the amount of time which is permitted by the legislation for landlords and tenants to challenge the information on the registry and make sure that it is accurate. The registry can print from 2,500 to 10,000 notifications a day, and to date we have printed 60,000 of the eventual 550,000 notifications that we will be printing in the next few months.

The local offices of the rent review services branch, in 21 locations around the province, administer the contacts with landlords and tenants and the filing of applications. Although we initially expected 13,500 registration statements to be filed in the first few months of registration, some 27,000 have been filed to date. The response rate for mandatory registra-

tion by May 1 was about 85 per cent, and subsequent compliance activities by the registry that is now up to 90 per cent of phase 1 land now being registered. We continue our efforts to follow up with the other 10 per cent.

We now have on-line inquiry for some 166,000 units included in about 12,000 buildings around the province. As well, we are maintaining an active compliance unit which not only investigates alleged offences under the legislation, in which an illegal rent increase is punishable as a provincial offence, but also ensures the legality of the rents which have been registered through active investigation of rents, through orders and other information.

I will be glad to answer any questions. The committee has later.

**Mr. Parker:** My name is Jim Parker, director of the rent review services branch. The purpose of my brief presentation is to provide you with an understanding of how we are organized in terms of delivering on the major functions of the rent review services branch, those being resolving landlord and tenant applications, carrying out a landlord and tenant education program and investigating offences under the act associated with key money and the filing of false information.

Let me point out very briefly that we are a decentralized organization and we attempt to provide service where the clients are, from the local offices around the province. We have regional offices, with regional offices located in London, Sudbury, Ottawa and Toronto.

In explaining the functions of the rent review services branch, I would like to point out that the process of rent review in the province has changed significantly from the former program which was quasi-judicial in nature. The information is provided at the beginning of the application or review process, and landlords and tenants have the opportunity to participate in the reviewing of the information that is filed and to comment and provide representations.

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**Mr. Cousens:** Are we going to get copies of your slides?

**Mr. Parker:** Yes, I do have copies.

**Mr. Cousens:** Thank you.

**Mr. Parker:** In launching the new program seemed to be essential to support the launch of an extensive landlord and tenant education program. This involved, in conjunction with colleagues in the rent registry, a number of seminars and workshops across the provin-



ate an understanding of what the new program about and how people would be provided the opportunity to access the new process.

To date, across the province, we have held seminars that have talked directly to 8,000 people, and at the local office, we continue to provide information on an application-specific basis to both the landlords and tenants.

In looking at the applications which the Ministry of Housing has received, I present to you a slide that depicts those applications that are associated with the extension of protection associated with Bill 51; they represent 74 per cent of the application workload that we have at this point in time.

**The Vice-Chairman:** What is the total number of applications?

**Mr. Parker:** The total number of applications that we have presently is just slightly less than 1,000.

**Hon. Ms. Hošek:** I hope some of the questions that were being raised earlier, both by Mr. Breaugh and by Mr. Cousens, will be somewhat answered by the presentations and I thank you very much for doing them.

What I would like to do now is respond to the questions and issues that were raised by the members in the order in which they came.

As I recall, the first thing that Mr. Breaugh was concerned about was Project 3000 and the whole nonprofit sector. There are about 50,000 nonprofit units in the province right now. There are 10,000 units opening all the time, and I can share with you the list of the units that were opened or were under construction was proceeding last week. If you would like that information, it is happening all the time. Is that interesting to you? Shall I tell you more?

**Mr. Breaugh:** Yes.

**Hon. Ms. Hošek:** In Renfrew, on December 1, the Opeongo Non-Profit Community Residence-Development family unit began to be built; in Thornhill, on December 8, Thornhill St. Luke's Senior Citizens' Homes; in Windsor, the City of Windsor Non-Profit Housing Corp. project for seniors; in Kingston township, the St. Andrew's Senior Citizens' Residence; in Powassan, the Golden Sunshine Municipal Non-Profit Housing Corp. senior citizens' project. Last week, in the city of Toronto, the Cityhome project at 111 Chestnut Street was opened; it has 100 units for moderate- and low-income individuals. In Peterborough, construction is proceeding on the Sunshine Homes family project, which has 110 units.

This is happening all the time, and I get reports of this sort all the time; so I always know where the projects are going, which ones have started and which ones are finished.

As to Project 3000, the allocation in the first phase was for 3,062 units. It went this way: the first phase that was allocated was 942 units, and the next is 2,058 units to be built over the next one and a half to two years. The project is proceeding.

One of the good things about Project 3000 is that because it is fully funded by the province, the time frames are not compressed in the way that the federal-provincial joint projects are funded. This is one of the very good things about it. It means that if a group is having particular difficulty at any stage of the process, it does not lose its allocation. Since we are talking about groups that in some cases are going to have more difficulty than others—because the groups they are trying to provide housing for are often the ones with the most difficulty in the community and, therefore, the ones with whom there might be more difficulty through to the acceptance, for example—if you get an allocation under Project 3000, the time is adjusted to deal with the realities of trying to get the thing built. Since this is in our jurisdiction alone, since we do this alone, we have that flexibility and we do indeed use it, and the Project 3000 units will be built.

I should say also that one of the philosophical questions that you raised was about providing housing for people with special needs. We are committed to doing that. However, we take seriously the suggestion that is made by many people who are concerned about housing people with special needs—and I feel quite comfortable with their suggestion—that although Project 3000 is a very important initiative, ultimately we may not want to label projects as having in them people with particular difficulties.

What we may want to do—and this is our approach—is to try to integrate people with special difficulties into ongoing housing provisions, which we are doing in the nonprofit sector, and give them the support they need without necessarily creating a location which is labelled as one that has people particularly with special needs in it.

We are trying to expand our definition of integration to be broader in its focus and to have less association with labels. We are assuming people need housing. Some people, in order to live in that housing, need some special supports. We will try to make sure they have them and



expand the notion of how we serve them a little bit beyond the Project 3000 approach.

You have mentioned that you do not care about numbers. However, your opposite member in the third party does care about numbers; so I am going to respond to his concerns about numbers when he asks about them. I can assure you that we are not trying to fiddle the numbers. We are not going to count illegal basement apartments as units. We are going to build the units that we have said. We are going to try to build more.

I take seriously your concern that the issue is making sure that people have places to live. That is exactly my approach. I think what we have announced in the past is a goal, but not the only goal we want to meet. We want to be in a situation of knowing that people have decent places to live and that we have an ongoing process for making sure that they have them.

You mentioned intensification and the possibilities of intensification. I agree with you that this is not the only answer, but it is one of the answers. The city of Scarborough is now looking at its own questions about intensification. Actually, the Ministry of Municipal Affairs is looking at an intensification guideline for municipalities. But work is going quite well in Windsor, Ottawa, Toronto, Cambridge, Peel and other places that are themselves looking at their whole approach to municipal bylaws, the question of land use and building use. They are also moving in the direction of thinking about the use of existing resources in a more creative way. Again, this is not the only answer, but it would be one of the answers for increasing the supply of housing. It is cheaper, and that is one of the reasons it is particularly attractive, because it will mean that the rents associated will also be more reasonable.

You made your point about the private sector and its role in the provision of affordable housing. I think that has been a problem. But, for example, the Toronto Home Builders Association has said that it is interested in getting involved in helping us find solutions. We are prepared to talk to anyone who is interested in that.

I think you raised the question about the issue of 40 per cent of the cost of housing. What I wanted to tell you was that we in the ministry have done some work in the past and we have some information about the cost of housing. It is clear from that information—or it is suggested by that information rather than being clear—that about 40 per cent of the cost of new housing could be attributed to the cost of regulations. But there is a range of regulations; some of them are

regulations we clearly want to have, having to do with safety and with labour standards. So decisions about this have to take into account basic standards of living we want and the standards of work that we want.

We are, however, undertaking a major analysis of the regulations from the point of view of health, safety, labour safety and usefulness. The process of building is governed by many regulations. We are prepared to think about which ones are important and which ones are merely standing in the way of the provision of affordable housing.

Dave Hodgson, who is here, is able to talk about that in some detail, if you would be interested in having him do so. Is this interesting to you?

**Mr. Breaugh:** It is all interesting. Neither of us wants to say, "No, that's not interesting." "No, that's not important, so don't talk about it." I think it would probably be more useful if I tried to adhere to what we had originally agreed and this is that you would give your response and then we would go through the remainder of the day that way.

**Hon. Ms. Hošek:** That is fine with me.

On the issue of convert-to-rent, you suggested it was not providing affordable rent. In fact, the average rent in buildings that were built as convert-to-rent is about \$567 per month now. For conversions from buildings that were not residential before, it is even lower. In various parts of the province, it has been one of the ways in which we have been able to provide housing that is significantly below usual market numbers. It has worked quite well.

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One of the things about the convert-to-rent program is that it was supposed to be a free-market program. Our control was through the modest nature of the amount of money associated for individual units. I should point out to you that this is not so much an issue of nonprofit versus profit builders. Even in the nonprofit sector, when we try to set the cost of a moderate unit, where we are setting the maximum unit price for it in order to make sure there will be a moderately priced unit, it now costs \$100,000 to build a three-bedroom unit in Montreal. This is in the nonprofit sector, where we are watching costs very carefully.

The costs of construction indeed are very high. That is a problem shared by the private sector as well, whether it is building under our guidelines or not. Clearly, when it is not under our guidelines, it will do what it wants. But e

our guidelines for nonprofits, it is expensive. It is much more expensive than I would like to be, but there it is.

You are concerned about rent review. You say that rent review did not spend all its money this year. I think that is a misunderstanding of the process. The hearings board is indeed not at full speed because it will be taking those rent review cases that people are not satisfied about and will be looking at them. That is the board which has spent its full allocation. In fact, the rent review group has spent a significant amount, about 85 per cent of its allocation.

You asked a question about whether landlord confirmation is checked. I should tell you that it is indeed checked by the people in rent review. If there is a non-arm's-length transaction going on, for example, with building or any kind of tenancy done in the building, that is checked particularly closely. Landlords have to sign the document they give and say that it is indeed true and represents the truth. We are looking very closely at the way in which the numbers and the actions of landlords go through the process.

You also asked a question about apartment taxes. Some indeed are paying hotel tax. We are committed to giving a definition about apartment taxes to the Legislature and to our own process for the new year. That definition is coming.

You asked a question about key money. We have indeed had some prosecutions. There have been two convictions on key money. One who comes to us and says he or she has been asked for key money is helped by the police to get the confirmation that such a thing happened and is helped through the prosecution process. There have been two convictions that have come through.

You asked a question about declining membership of the Residential Tenancy Commission. We are addressing that issue by using people who have their commission under the old law to deal with the cases that are still under the Residential Tenancy Commission from the old law, which we are still administering.

You asked a question about land inventory. Indeed, we share your view that it was not appropriate for the government not to know how much land it had and where it was. Starting in 1986, the government has been working with all the municipalities to make sure that we have a proper inventory and to see how much of it is suitable for housing. The Ministry of Government Services is in charge of the government lands. It has been working diligently to identify land parcels that are suitable for housing. It has been doing so, so

that there already are units being built on land that has been identified as suitable for housing by the Ministry of Government Services. That process will be continuing, it is an ongoing process, and there will be units built on these pieces of land.

You suggested that we need a definition of what affordable housing is. We agree with you. We are working on this definition. We have made a commitment in the throne speech that 25 per cent of new developments will be affordable housing in our work with the municipalities about new developments. A definition of what affordable housing is clearly has a relationship to the income of the people involved. Our concern there is housing for people of moderate and low incomes. We are working on this definition.

These are the issues you have raised. I think what I would like to do now is turn to the issues that were raised by Mr. Cousens.

You requested updates to the committee members' background briefing book, and those will be forthcoming if you need them. We are giving the numbers that we were asked to give here.

You asked whether the auditor was doing any major reviews. I should tell you that there were no significant audit findings in relation to the Ministry of Housing in 1986-87 other than those noted for the Ontario Housing Corp. in the annual report of the Provincial Auditor. The only audited activity by the Provincial Auditor to date for 1987-88 is the usual audit of OHC, which is now in progress. Our own operations review and audit branch inside the ministry is planning to start an audit of the rent registry system in the first quarter of 1988. We have an internal process that works its way through the system. This is always going on.

**Mr. Breaugh:** I do not mean to interrupt, but can you give us any further information on the latest report from the auditor on some irregularities with OHC tendering?

**Hon. Ms. Hošek:** Yes.

**Mr. Breaugh:** I was told there was a police investigation under way. Do we have any more information on this?

**Hon. Ms. Hošek:** A police investigation under way? Not as far as I know. Which one are you thinking about, Mr. Breaugh?

**Mr. Breaugh:** The last report of the Provincial Auditor mentioned the Ministry of Housing and the Ontario Housing Corp. I forget the exact wording, but it essentially said there were irregularities in the tendering process. When we



tried to pursue this, they told us there was in fact an Ontario Provincial Police investigation under way and there might be a subsequent report on it.

**Hon. Ms. Hošek:** I can tell you that there was a problem at the North Waterloo Housing Authority. Basically, there was work being done in the North Waterloo Housing Authority. The auditor found that the prices were higher than it was thought they should have been and said that public tenders should have been used. We believe the public tendering process is very important. In fact, we believe there was a misunderstanding of the public tendering process in this one housing authority. We have explained the guidelines to the people there, and there has been no problem since then.

One of the things that happened is that although it did go out to competition—it was not a sole-source tender—it did not go through the usual full public process. In the tendering process, it went through a sort of one level less of publicity than would normally have been expected for the spending limits. This is the only one I know about. If Mr. Wilson has something more he wants to say about this, I would be glad to have him say it.

Mr. Wilson, would you like to say something about the tendering process? Is there any difficulty beyond this? Is this the one you were concerned about?

**Mr. Breough:** We could not get very much information from the Ontario Housing Corp. They simply told us that there was a police investigation under way. They were not prepared to say much more than this.

**Hon. Ms. Hošek:** Okay.

**Mr. Wilson:** Yes.

**Mr. Breough:** Are we prepared to say much more than that now?

**Mr. Wilson:** No.

**Hon. Ms. Hošek:** Yes, I know which one you are thinking about now, Mr. Breough. That was the North Waterloo Housing Authority one that I did know something about. There is another one. It is indeed under investigation. The problems that were identified have been corrected. They had to do with the kinds of contracts that were awarded, and this is no longer going on. But in so far as there is an investigation—is there something you wanted to say?

**Mr. Breough:** He gave me the short version of the answer, yes. Ok?

**Hon. Ms. Hošek:** Ok. I do not invent the laws.

**Mr. Breough:** No.

**Hon. Ms. Hošek:** Mr. Cousens asked a series of questions. He said he was concerned particularly about housing affordability and housing affordability for new buyers, and referred to the Economic Outlook and Fiscal Review of the Treasurer (Mr. R. F. Nixon). In the Treasurer's report, he was particularly focusing on home ownership.

The market is made up of both home owners and renters. The average increase for renters has been under five per cent in the past year. The affordability of rental accommodation has not in fact deteriorated. The sort of information, which was in the Treasurer's report, was actually aggregated information. If you disaggregate it, it is clear that there are severe problems. The price of housing in Toronto went up a great deal. The price of housing in the rest of the province did not go up anything like as much. It was mostly renter housing rather than new housing.

What we were talking about primarily is the phenomenon of the pent-up demand that has been created during the recession with a housing boom having to do mostly with second-time buyers, first-time buyers, who were moving from homes they already had into housing that was at the upper end of the market. This is where the price and affordability issue is most serious. In fact, the aggregate data do not tell you what it is like at the end of new housing. New housing did not go up that much in price. The huge increase was in second and multiple home buying by people who already had homes.

Though I share your concern about first-time buyers, and I think it is a very important concern to have, I do not think you can use the Treasurer's data, as they are unaggregated, to make a statement about new home ownership. The home ownership program that we have already committed to will be coming forward for the 1991 fiscal taxation year.

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You made some criticisms of the ministry for its not having a good track record in administering public housing. I should say the Ontario Housing Corp. housing is as well maintained as about 95 per cent of the private sector rental stock. We take a lot of pride in the work we do. You take a look at, for example, the St. James Town area, where there are three OHC units; some private sector units, the OHC units are in much better condition than the private sector units. We are committed to making sure that it continues, that we do good work.



we have also initiated a lot of new approaches in our relations with tenants. In particular, we are proud of the fact that we are working with tenants to identify their needs and their concerns in the race relations area and various other areas. I think our approach is a good one. It does not mean things are perfect, but we are trying and I think we are working in the right direction.

You asked the question of why it is the responsibility of the bureaucrats to determine the maximum unit price per unit for nonprofit housing. The reason for that is that we are trying to create a modest product. In order to do that, the guidelines have to ensure that what is built is a modest product and not something that might end up to be luxurious, which is not what the program is for. We believe our staff are facilitators and do not block the work of nonprofit groups, as you suggested. I would just say that you talk to the people at Houselink, the First and various other nonprofit groups, whom our people have been working very successfully to help get things built. I hope Mr. Brown's presentation to you about the process of nonprofit housing has indicated some of the things we do.

We are working with people who are not homeowners and we are helping them through a complex process. It is complex for skilled private housing developers who do this all the time. We are trying to work with groups that, in many cases, are doing this for the first time. I do believe we are facilitators.

You raised the question of common lists for people wanting housing in various communities. There are some communities that do have common waiting lists. However, there are some communities that are not happy doing that. If there are projects that, for example, are for a particular ethnic group or community, they may want to share their waiting list with a larger common list. We are very much actively encouraging people to get into common waiting lists, but we cannot force them to do it and, in some cases, it is not appropriate for them to do it.

There is, for example, a senior central registry in Metro. It does not require all senior citizens' names to be in it, but most senior citizens' names are on that list. If you are a senior looking for accommodation, that central registry is extremely helpful if you are flexible about where you want to go. The list does not have every housing unit, but it has a vast majority of the units. I believe that is a good way to go. In some communities, it is working, but we do not believe

it is something we should force all nonprofit groups to go into. Some of them have reasonable reasons for wanting to maintain a separate list.

You also talked about money being given to those who want to build affordable housing and, of course, we are committed to that.

As to the question of homelessness, which was raised by both of you the other day, our announcement today is meant to address the beginning of that. What is important about that announcement is that it responds to what the community groups we are actively working with have told us. They told us, and we agree with them, that the best way to serve homeless people is with people who have a track record in doing so, who know how to work with people and help them to help themselves as well and with dignity.

The program we have proposed will renovate existing buildings and help us use existing stock, so that there will be room for people who are currently homeless much more quickly than any other process of putting a shovel in the ground could possibly give us. We are working actually with various community groups that said they were concerned about this. The program has as a particular feature of hostels in Metro, in particular for young people, because unfortunately we believe there will always be some young people who will leave home.

Frankly, the work that Covenant House has done indicates that for some young people, the street is better than the homes they live in and some of the things that happen to them in those homes. So there has to be some decent place for them to go. I think it is important that we have responded to the concerns of various regions and areas outside the centre of the city, because if some young people can be helped in the short term in shelters, outside the centre of the city where really terrible things can happen to them, and we can get them into more permanent housing there, a lot of bad experiences can be avoided for those young people.

I believe that, unfortunately, this phenomenon for young people will continue unless we can stop all child battering. I wish I could do that, but I do not think we are going to be able to in the short term. That is just a reality.

The other thing about the program we announced is that we have made it very clear that we know the solution is permanent housing, not temporary housing. That is the reason the resources are very clearly tied, that we are spending as much of our resources in finding as quick answers as we can for permanent housing

to match the resources that are going into the shelter side.

The eight workers who were identified, I should tell you, are specifically community mental health workers. They are not going to be working with everyone on the street. They are meant to go to people, many of whom we already know, who go from shelter to shelter and who seem to find it very difficult, for all kinds of reasons, to get into any kind of permanent housing. Some of them are even resistant about going to shelters; so we are talking about going on the street and helping those particular people with very severe mental troubles to deal with the system a little better and to help them through the process. The number in that announcement represents the number we were asked for by Metro and the city. That is the number of workers they thought they wanted. That is the number we have given them.

The community groups I am talking about are ones that are already providing services to homeless people. Many of them are groups that, for example as a result of our project under the International Year of Shelter for the Homeless, were given some help in doing the work they currently do. We did not want to stop doing that just because the year of shelter was over, because that is not an answer. The homeless are still going to be there no matter what year it is, and so we wanted to be able to continue to support the work they were doing.

We wanted also to support what we knew works. We did not want to make a bureaucratic solution out of our heads. We wanted to respond to what we knew was working right now, with real community groups actively working with people who are currently homeless. They told us there were things they were ready to do very soon, that they had plans for, that were half in the works, that they were afraid could not continue if we did not give them support. That is the support we were trying to give them.

It is also very important to say that with the access to housing in the local communities, the money associated with that is not to the committees; it is to give them resources to work with. All over this province, there are people who work with homeless people. We know who many of them are. They have strategies for working in their community that they think will suit their community. We want to make sure we give them the resources they need to do that work. That is the reason we took the approach we did.

I know this does not solve the problem. I have no illusions about that. It is the right direction and it is the right approach. Much of it will be quicker than anything we can do by building nonprofit housing starting tomorrow. The work we are doing in the whole social housing area and in our provision of new units is meant to add to the longer-term problem of creating a mix of different levels of housing for people of different incomes, so there will be a place for them to live.

We know that takes longer. One of the reasons for the presentation on the development process was to tell you that, private or nonprofit, it takes time. We wanted to make sure and do something for people who do not have time, and also to give them access to the housing that is currently coming on stream in the various nonprofit sectors we are working on.

You asked a question about Renterprise. Basically, what we have decided there is that we wanted to use the resources more effectively. Market conditions changed. The Renterprise uptake was not as quick as we thought it should be. We decided we were going to use our resources more effectively.

I know there is an order paper question about Renterprise. The details about every single project we did will be coming up and we cannot talk about that later.

One of the things we did, in trying to help with housing at Ontario Housing Corp., was to put battered women on top of the list, and we included the psychiatrically disabled and the developmentally disabled. That is a significant improvement, I believe.

Mr. Cousens also asked a question about the private sector segregating itself from the government. I do not think that is the case. They participated actively in the Rent Review Advisory Committee process. We are always communicating.

He was also concerned about rental units not being built. About 4,000 units were built in the first six months of 1987. We are projecting 6,000 rental units for the year. That is significantly higher than it has been in a very long time.

You asked about the low-rise and convert-rent programs. Again, I can give you all the numbers. I do not think that is absolutely appropriate here, but in the low-rise sector there has been a really significant uptake. In fact, the uptake is now accelerating.

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The reason we believe that is happening is that from the way the housing market tends to work at the first stage there is building. You saw the



the outgrowth of building of new and rather expensive and luxurious accommodation in the past 10 years. The next stage tends to be more on the rehabilitation and renovation side. Our statistics indicate that is where most of the energy in the private market is going now. The low-rise rehabilitation process is also speeding up at the same time.

That is a very important project, because much of the affordable housing stock in this province is in these old low-rise buildings. Rehabilitating them and keeping them as part of the stock is a very important way of making sure that we have a stream of modest-cost housing that does not disappear as a result of falling into ruin.

You asked about more statistics, Mr. Cousens, and you suggested more frequent and regular presentations. I would be prepared to make a presentation of statistics in the House every day, Mr. Breaugh does not like numbers, so I am going to do that every day.

On the first-time home buyer, I think I have addressed some of the concerns that you raised. We are looking at the issues that really make the difference: the use of land, including the size of lots; the question of regulatory reform; the increase of productivity in the building process; the cost of materials and skilled labour. We are dealing with all these with the municipalities and with the building community.

We are committed to trying to bring the cost of housing down and, in particular, to making it possible for more modest accommodation to be built. People who want to build very luxurious houses will do just fine. We want to make sure that it is possible for more modest houses to be built for the people who are not going to be able to afford that kind of housing.

You asked a question about student housing. I am sure you know that we are working closely with the Ministry of Colleges and Universities on this. It is not just a matter of building housing on campus. One of the concerns is the unrelated persons bylaw in various communities that have kept out students and other people of moderate and low income, which is where students fit. We are trying to encourage a more intelligent use of resources, and we are working with the Ministry of Municipal Affairs to look at the unrelated persons bylaw, how appropriate it is and what we can do to have a better use of the resources we do have. That does make life much harder for students and other people of moderate income in many communities.

You asked a question about the loan fund on page 1. That is a \$25-million project. It will be

money available as loan guarantees for those people who have gone through part of the process of getting on allocation from us. These are people who already know that we are going to give them some resources for building nonprofit housing, but who do not have a site. We think that is going to be 1,600 to 1,700 units a year that will be affected by that, that do not have a site. Our help with the loan guarantee will mean they can nail down a piece of land faster.

Land in Metro went up, I think 20 per cent this year and 30 per cent last year. What happens if we do not help people get the land quickly is that by the time they get to the point of building, the price has gone up. What we are trying to do is get into the process sooner with the loan guarantee, so they can nail down a piece of land much sooner. That will bring down the cost of producing the units significantly.

This is another thing that is very much in response to what the nonprofit groups told us. They told us they were having a great deal of difficulty with land, that they needed to get their hands on it fast. They needed to know they had the money and not to be tied up later in the process, after we had said yes to them, without being able to get land. This is our response to that. I think it is a good one.

It will be spent all over the province. The question was where it was going to be spent; everywhere, wherever there is a nonprofit allocation that does not have a site, that needs resources, we will help. That is where it is going to be.

What else is there? On social housing, we are on target.

On lease of government land, we are going to be using all the land that is possible. For every single piece of land that the Ministry of Government Services looks at, it will first ask the question, "Is this suitable for housing?" We will be using various pieces of land all over the province to build housing that will be more affordable for people who really need help with their housing.

I cannot give you a list of every single piece of land we have. I do not think that is appropriate, but you will be hearing announcements of pieces of land being used. There already are. We are working with the Ministry of Government Services very actively to identify pieces and get things built on them.

You were concerned about the budget increase in rent review. I think it is important to say that the work load has increased enormously, as you can see from the last slide Mr. Parker showed



you. Three quarters of the work load we have now is from the fact of having put the buildings that are post-1975 under rent review. We did it once and quickly, and that is three quarters of the work we have to do right now. Our work load has increased fourfold or more; our staff and resources have not.

The other thing is that there are many new components to the legislation. It has many more features. There is the rent registry, of which we saw a bit of a demonstration, the standards board and the whole question of public education. This is more effective and more comprehensive protection for tenants and we think government should be willing to pay for that more effective and comprehensive protection.

You asked a question about the rent registry. I hope the demonstration we gave you today is an answer to that.

You asked about whether we were going to help people understand Bill 51. We are doing that right now with massive landlord and tenant education. Also, because of the process, which is quite different from the previous process which was entirely adversarial, from the very fact of going through the rent review process, both landlords and tenants get education as they go through that process. It involves a massive use of staff because people are working with both landlords and tenants to explain the process to them as they go through it.

You asked a question about Bill 11, which is the Rental Housing Protection Act. We are consulting on that. The staff is preparing a discussion paper on how to protect the housing stock we currently have. If the consultation process does not give us enough time to do a good job, we will extend the legislation to give us the time to do a good job on the consultation process.

On the maintenance standards board, the maintenance standards board is already working and looking at cases. If there are any buildings that have outstanding municipal orders that have not been worked on, they come to the standards board. It makes decisions, which it has already been making in certain cases. That then goes to the rent review people who will inform the landlord and the tenants that there is a problem and proceed accordingly. So the maintenance standards board is working now.

You asked if I have a five-year plan. I guess it was my whispering to the chairman that pointed out that I believe it was Mr. Lenin who invented five-year plans.

**Interjection:** That is why we thought you had one.

**Hon. Ms. Hošek:** We certainly have long term plans for the work that we are doing.

**Mr. Chairman:** I know Patrick Laverty has one.

**Hon. Ms. Hošek:** We believe also that there are things that can happen in the shorter term and we are doing them as they become apparent.

You asked a question about home buyer protection. We are of course working closely with the Ministry of Consumer and Commercial Relations. We are working on home buyer protection. We agree with you that the Ontario New Home Warranty Program needs to be updated. So do the Toronto Home Builders Association and the Ontario Home Builders Association, which are working with the Ministry of Consumer and Commercial Relations. I think that work is proceeding and will do better than has been the case before.

One of the things that will happen, I think, is that as the market is less heated up, we will see fewer of those problems. They will still be there for a small proportion of builders, as you have pointed out, who are not doing their job well. The vast proportion of builders do their job well. The market is less heated now than it was last year, so I think it will be less of a problem than it was.

The longer-term answers have to do with a better supply of skilled labour, better management of the construction process and better trained municipal inspectors. Through the buildings branch of our ministry, we are working on all those things, on increasing the supply of skilled labour and making sure the training is really good, on teaching the people in the building industry better management techniques and on better trained municipal inspectors.

This industry is an enormous one, but one of my surprises when I came into the ministry was to discover that something like 85 per cent of the residential units that are built in this province are actually built by small and medium builders. We have a few builders who build a vast number, but in fact most of the houses our people live in are built by small and medium builders who are running small and medium businesses, some of them as small as two people.

Helping to train people in that industry in management skills and so on—many of them are just ahead of their own cash flow problems in trying to get the building built. One of the things we are doing in the ministry is trying to reach out to the building community and basically help them with the complex management problem of building, so that the problems we saw in the Ontario New Home Warranty Program are

duced and lessened. I think that is one part of the ministry that is very future-oriented as well as present-oriented and one we are very proud of, because it is going to help make sure that over the long haul we can produce the kind of housing we want and make it affordable.

I think those are all the questions you all asked. There are any other things you would like to talk about, I would be glad to do that.

**Mr. Chairman:** Do the critics have any follow-up questions on the responses? I think we could give the—what is the right expression?—other members of the committee an opportunity to get in on these estimates.

**Mr. Breagh:** I was going to suggest, why do we not just split the time? If it is agreeable to the people, if I could have about 10 or 15 minutes, I would be happy and then maybe Mr. Cousens could do that. Others, I am sure, have some things they want to go over. Is that a reasonable way to proceed?

**Mr. McGuigan:** Yes, 20 minutes will be OK.

**Mr. Breagh:** I would like to go over about the same things. I will limit it to that. I think the problem is they kind of fall between the cracks. It is my personal opinion that among the next phenomena we are going to see in Toronto—we can see it in other places too but it will be a lot more dramatic here—is the following: there are a whole lot of housing projects that are just on boards and pamphlets and people are putting cash into them, basically condominium proposals in a variety of communities.

Knowing the law and seeing the past experience I have had in my community and people we have had elsewhere, the law Mr. Cousens referred to about what people are buying and that they are actually assured when they sign an agreement to purchase a new home or a condominium, is not really good law. There are a whole lot of loopholes. I anticipate that people are now going to exploit all those loopholes.

The basic problem is that they are essentially relying on speculation and people are buying on speculation. I anticipate that probably by the next few months, we will begin to see an onslaught of people who take their family savings, sell their house in North York, buy the condo by the sea on the waterfront down here and the condo never materializes. When the fine print is read and the legal decisions are done, they will understand that the agreement to purchase is not quite what they thought and the obligations on the part of the seller are not quite what they thought, that some

of these places are not properly zoned and will not get the zoning the developer wants. Are we doing anything to anticipate some of these problems, and how do we intend to handle them?

For example, when condos first became fashionable in Ontario, at one time in my community the federal and provincial governments owned 2,500 housing units, all taken back from the private sector which built condominiums like you would not believe. They totally saturated the market and then read the fine print and said, "We can walk away from this and the government agency will be stuck with these units." They were. They could not figure it out. They had nobody to manage property. We had one hell of a mess on our hands for a while. It seems to me we are on the verge of going back to a similar situation. Did we learn anything or not?

**Hon. Ms. Hošek:** Yes, I think we did. I agree with you. That is perfectly likely to happen because there are so many condominiums units being built right now and like all markets that shoot up, they tend to go overboard. One thing you might find interesting is that about a third of the units that are built in Toronto right now are actually being used as rental accommodation. Even though they are in condominium ownership, they will be used as rental accommodation.

The Ministry of Consumer and Commercial Relations are really the people who are developing the appropriate response to this possibility. We are working on it with them. We know this is a possibility. I do not have an answer for you right now, but it is certainly something we are looking at hard because of the same concerns you mentioned.

We now have more experience than we did then about how to handle it. I wish I had an answer for you at this point, but I can tell you that the Ministry of Consumer and Commercial Relations and the Ministry of Housing are looking at this together. It is Consumer and Commercial Relations that has to take the lead in this. We certainly understand the problem and do not want this thing to happen. That is the best I can tell you right now. As soon as we have any suggestion on how this should be done, we will bring it forward and then you will have a chance to look at it.

**Mr. Breagh:** There is another area I want to touch on a bit. It is also an area that is not quite your responsibility, but perhaps relates to two or three others; and that is the student housing problems that are around.

The traditional places where a student could go to live, other than the university residence and



that whole venue has been pretty much shut down by other ministries, are also getting saturated. The number of places, for example, where a student attending the University of Toronto could live is really pretty limited. That student is now trying to find some kind of accommodation in the most expensive housing market in Canada.

I do not know how some of the municipalities that have gone to this kind of definition get away with this definition of what a family is. It would be pretty hard in my mind to find a workable definition of a modern family. If it is true that unrelated persons cannot cohabitate, boy, there is going to be a lot of people who will have to get uncohabitated in a hurry. Municipalities will be vacant.

What kind of schemes are you working on to try to address that problem, particularly from the student point of view?

**Hon. Ms. Hošek:** I think I should tell you that this is a real concern of mine as well. I am going to be meeting with one of the federations of students next month. I was trying to address that in one of my comments. It is the whole question of the unrelated persons bylaw. I agree with you. I think the definition of family there is very much out of date.

If the issue is how many people can safely live in a particular place and how much sewage space do you need and how much water and how much parking space, these are planning issues and nuisance issues. I do not think the issue is the relationship of the people to each other. It has to do with what is safe, what is healthy, what works in a particular community in relation to planning criteria, rather than the relationship of the people.

We are talking actively to the Ministry of Municipal Affairs people. In fact, we mentioned this to the Association of Municipalities of Ontario. We are looking actively at some answers to this one, because I do not think it is in tune with the kind of world we now live in. This is the biggest problem, not only for students but also for other people of moderate means of whatever age or situation, who might be perfectly adequately housed in relation to each other, in the same unit not necessarily with separate spaces.

I know of single women raising kids alone who are doing much better sharing accommodation, not only for the reason of accommodation costs but because of the shared support of another adult in the process of raising kids. They are doing a much better job raising them because they have another adult person with kids in the house.

The whole question of occupancy rules is something we are looking at. I do not have an answer either, and I am not going to try to define the modern family, but I think the direction we are going in has more to do with what is safe, what is appropriate in relation to health and other kinds of planning standards and nuisance standards, rather than the relationship of the people living in the unit.

**Mr. Breagh:** You went through the kind of process for getting approval. In itself, that description is part of the problem. For a lot of nonprofit groups, what they really need is a little bit of expertise, somebody who is familiar with taking something through that kind of process, somebody who knows what you have to do to assess what the market is for a given group. Are there any thought within the ministry about taking a proactive stance, of making a resource group available to advise a co-op or nonprofit group?

They have the suggestion about where to accommodate people and the type of folks they would like to try to help. What they do not have are the lawyers, the planners and all of the other stuff. It has often occurred to me that we employ a lot of those people. Could we offer even just one person as a resource person? One individual who has taken a development project through that system would be invaluable to a nonprofit group that has never seen that kind of language before in its life. Is there any thought within the ministry of using our staff as resource people?

**Hon. Ms. Hošek:** When Mr. Wilson was describing our process to you, I think he was rather modestly saying that we are helping people who have not been developers to become developers. That is exactly what we do. We work with the groups right now.

One of the things that has happened as a result of the past two and a half years of our government doing more in the nonprofit sector than has been done in a very long time is that there has been some improvement, because there are some groups that now have experience. The municipalities, nonprofits in various parts of the province have become developers, so that there are now, in many municipalities in the province, people who have some expertise because they have done more than one project.

In many cases, the smaller groups do one project and do not come back for 10 years. I am sure that is the group you are talking about. There are two things happening for them. One is that the existence of municipal nonprofits means there is more expertise to go around to be shared



over the province. The second is that our ministry actively does work with groups that are doing this, to show them what needs to happen to work them through the process.

**10** Unfortunately, if you are going to create housing using that people are going to live in, and for which they are going to have responsibility for 35 years, there are certain shortcuts you cannot take. You have to do it right. You have to have the drawings. You have to have all the people in place. Our ministry takes a role. That is exactly the role it sees itself to be playing in the provision of housing to working class and the nonprofit groups.

I think what you are going to see now is a speedup in the process of development because of the recent increase in our activities. There is, as you know very well, a community of people doing work in nonprofit housing. They know each other. I was at a conference in Windsor and there were several hundred of them who had become members of an organization because they have been doing so for a while now. I think the expertise is building. For the groups that do not have that expertise, and even for the ones that do, our job is to help them do it. In other words, we want them to do this. We want the process to work. We want the units built. We will do what we can to make sure it happens.

**Mr. Breaugh:** Not to argue with you on the point, but not everybody sees it that way. I know a lot of the groups I talk to on a regular basis, and they feel the ministry has been a great help to them, understands what their problems are and works as facilitators to make it happen; but they would see it as a less positive role than that.

**Hon. Ms. Hošek:** Let me make a comment about that. I am sure we can do better and we will do better, but one of the things that happens is that we get applications every year from a large number of groups. You have asked questions yourself about this in the House. The point is that some of the groups that apply simply have no understanding of what is really involved in making this happen and we sometimes have to tell them that. I am sure they do not like to hear it. The process is complex. It involves a long-term commitment to doing work that many voluntary groups simply do not have the resources to do over the long term. Some of them may be unhappy with it. I think that is, in some ways, unavoidable.

I think the intent of the ministry and the approach is very much to try to help those people with those buildings. We need them to get these

built; we know that and we will try to help them do it.

**Mr. Breaugh:** Sometimes. One of the things you are trying to do—I know from discussions with your staff that it is aware of the problems that have existed. I have always argued that municipalities know their municipalities better than anybody else. I can take you around in my home town and show you the legion that has been trying for years to provide some kind of housing for older legion members who are now living in rooming houses. They have the land. They are having a heck of a time trying to put the proposal through. I can show you seniors who want to do that. I can show you church groups and community groups that do not have anything else but land; but that is the biggest single problem in housing.

In all this, they have to deal with a provincial ministry. Sometimes this is awkward. It would be so much easier if you could get the municipal nonprofit sector cranked up, and we are beginning to try to do that. The financial arrangements are not quite what they should be, but that is the biggest hope I see to do on a large scale what really needs to be done.

Can you tell us what you are doing to try to get that system moving again. At one time it really was quite active, quite good. In my view, it essentially dried up when the financial arrangements were put in such a manner that municipalities saw this as a really great burden, not a chance to do a lot of positive things in their community. They wanted to do that but they made a hard-headed financial assessment that this was putting a drain on the municipal tax base that they could not cope with. What kinds of negotiations are going on there?

**Hon. Ms. Hošek:** First, we understand the problem and I agree with you that one of the fastest ways will be for the municipal nonprofits to do even more. They have been doing more and they are much more active than they were in the past. Some municipalities have very active nonprofit organizations planning to build.

We have some municipalities that we have been trying to get interested in this for a long time and have not succeeded, for whatever reasons or commitments those municipalities have. We are trying to work both with the Ministry of Municipal Affairs and the Association of Municipalities of Ontario to make this happen in more municipalities all over the province.

As to the problems with the tax base, I know those problems exist. I take them seriously. In our work interministerially, we have been

working with a variety of ministries whose decisions will have an impact on this: the Ministry of Municipal Affairs, the Ministry of the Environment, the Ministry of Agriculture and Food, the Ministry of Transportation and many others. You said some fall between the cracks. I know and you know that to make this happen is not a matter of one ministry alone, so we have been working with a variety of ministries. This question of the cost to municipalities of providing nonprofit housing is one of the issues on the table. Again, I do not have an answer yet, but it is certainly one of the issues on the table. We would like to make it as attractive as possible to get these built. We have not got an answer on exactly how to do it in relation to the problem that you are raising, but we are working on it.

**Mr. Breagh:** One final little item. I spoke with your staff about Bill 11 and I am told there is kind of a ministerial group at work there. I am not really impressed that it is a great piece of legislation, but it is something. One of the next big problems I see is that it has to be awfully tempting for some guy who is renting out 25 units in the west end of Toronto, he does not like rent control and he would really like to sell these off as wonderful new condominiums on the Humber or some wonderful scheme like this.

I know they are already at this. I know some of them are saying, "We will leave these units vacant and see how long it takes to convince people to let me convert to condos." There are a lot of older buildings where they want to make a buck out of it. It is not that we should defy capitalism at every turn, but it really does seem to me that we are in a housing crisis and we cannot afford to let whatever kind of affordable stock we have get turned loose. This is exactly what is going to happen by next June unless there is some kind of extension. Is there any kind of timetable within the ministry to put part II of Bill 11 on the table?

**Hon. Ms. Hošek:** I agree with you the legislation is not as good as it could be. We believe that in order to make it better legislation down the road we have to consult with many people who were not consulted with the first time. It was possibly almost an emergency measure. The discussion paper that is going forward now should be out in a little while. We have made the commitment that if the consultation process that is required to do this well takes longer, and it may very well take longer than the date of sunset on the legislation; in which case we will extend the legislation to give us the time to do this properly.

**Mr. Breagh:** I will leave you alone. Before I quit, I want to give the staff full marks. This is the best circling-the-wagons-around-the-ministry exercise I have ever seen. Your defences offer great protection.

**Mr. Cousens:** How many rent review board hearings have been held per month over the past year? It does not sound to me as if it has been that active.

**Hon. Ms. Hošek:** The rent review board does not do hearings. The rent review board compares the paper submissions of the landlord and tenant.

**Mr. Cousens:** What are the hearings that are taking place now?

**Hon. Ms. Hošek:** The hearings that are taking place are either those people who are still under the old Residential Tenancy Commission or those people who are appealing the decisions of the rent review board.

The reason the rent review board is so different from the past is because it works with both groups, the landlords and the tenants.

**Mr. Cousens:** Under the old system, how many hearings have taken place over the last several months within that system?

**Hon. Ms. Hošek:** Hearings are not a real good measure of the activity.

**Mr. Church:** I think, Mr. Cousens, you are asking about the number of rent review cases that are presently actively being dealt with. In the first instance, they are no longer dealt with through hearings. All 24,000 applications I believe are now in process. We expect all of them to go through the pipe over the next period of time, obviously much more slowly than when we were at a normal workload level.

All are now in the hopper; all have gone through the first stages. The hearings that occur next will be the appeals from whatever decisions emanate from the hearings and those are not expected for a while. There are still some hearings, some lined-up hearings occurring under the old RTC, but this is strictly close-to-business type hearings.

**Mr. Cousens:** More specifically, what happened with the one that I gave you in the House of a person who is appealing their room?

**Hon. Ms. Hošek:** That is under the Residential Tenancy Commission in Howard Park is it? I think there was an appeal issued, was there not? I do not know the number on Howard Park. Would that be under the old system or the new one? That was under the old Residential Tenancy Commission and it is now under appeal.



**Mr. Cousens:** When will that be completed?

**Hon. Ms. Hošek:** I do not have the answer to that. Does someone else have the answer for when this may be done? They are heard in order, it will be on the list of the appeals right now.

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**Mr. Cousens:** Does it do any good to give it to me to speed it up or does it have no effect at all?

**Hon. Ms. Hošek:** We have to do them as they come. I have to give them five.

**Mr. Cousens:** Have you had any action or involvement with the case that I gave you?

**Hon. Ms. Hošek:** The appeal process is a quasi-judicial process. I cannot get involved in it.

**Mr. Cousens:** The situation that I gave to you in the House then has had no impact at all, there has been no further action nor involvement by myself on this situation?

**Hon. Ms. Hošek:** There cannot be. There are no commissioners. I cannot be involved in a process that is quasi-judicial.

**Mr. Cousens:** You cannot report when it is going to be held?

**Hon. Ms. Hošek:** Our staff did the inquiry to find out where that case was in the process, but since it is in an appeal situation, I, as minister, cannot get involved.

**Mr. Cousens:** You cannot even tell us when, through your staff, it is going to be dealt with?

**Hon. Ms. Hošek:** December 7, 1987, is when the appeal was filed. The other tenant has been added to the appeal and this is where we are.

**Mr. Cousens:** When will it be heard?

**Hon. Ms. Hošek:** In the natural order of things.

**Mr. Cousens:** How many are ahead of it?

**Hon. Ms. Hošek:** I do not know the answer to that.

**Mr. Church:** This is the windup of the Residential Tenancy Commission we are looking at. All of the appeals will be moved out of the backlog very expeditiously. We are looking to wind up the first-level hearings very shortly. Within the next year, I believe, all the appeals will be dealt with. So there is no protracted delay.

**Mr. Cousens:** Within this year?

**Mr. Church:** Within 1988, I believe.

**Mr. Parker:** May I attempt to provide some additional information to the members of the committee? Once again, my name is Jim Parker. I am the director of the rent review services branch.

It is my understanding that the commissioners under the RTC have all but completed the first level of hearings associated with the work that continued since the passage of Bill 51. There are 75 additional appeals from those first-level decisions that are being scheduled to be heard over the next year. There are, in addition, a number of other appeals, principally in Ottawa, which number around 325, that deal with appeals relative to tenants' appeals. This is the status of those particular activities of the Residential Tenancy Commission. But they have completed, as I understand it, their first-level hearing work at this point in time.

**Mr. Cousens:** There are none remaining?

**Mr. Parker:** The first-level hearings may have been completed, but they may not have all been ordered or reported on yet.

**Mr. Cousens:** When would this happen by?

**Mr. Parker:** This would be dependent upon the complexity of the application that was being heard and the things that have to be considered by the commissioner.

**Mr. Cousens:** When would be your best estimate?

**Hon. Ms. Hošek:** I can tell you some more about that. We are adding some commissioners to the process, because we are cleaning up the old Residential Tenancy Commission issues. This will be going more quickly than we originally thought. We are putting all the resources we can into it.

**Mr. Cousens:** How many more commissioners are you adding?

**Hon. Ms. Hošek:** We are not adding new ones. What we have are people who still have the right to be commissioners under the old system, and we are moving them into this area.

**Mr. Cousens:** What is the total number of the backlog at this point?

**Mr. Church:** On the RTC?

**Mr. Cousens:** Yes.

**Mr. Church:** There is no backlog. There are 75 hearings now scheduled on the appeal. It is not a backlog. They are under active consideration. This is the old system that we are talking about.

**Mr. Cousens:** I know.

**Mr. Church:** So they are all fully under consideration and moving very expeditiously.

**Mr. Cousens:** Can you guarantee there will be none held over into 1989? They will be all finished by 1988, is that what you are saying?



**Mr. Church:** One of the things I have learned as a bureaucrat is that you never guarantee what a judicial system will do. But this is certainly what the current level of activity suggests.

**Mr. Cousens:** On the one hand, it is a judicial system that you set up and that you can improve and speed up. On the other hand, you cannot make any assertions that there is going to be progress to the extent that we are looking for.

**Hon. Ms. Hošek:** We can give resources to the system. We cannot interfere with the process that is used.

**Mr. Cousens:** I am not asking for you to interfere.

The computer display and the demonstration of the rent system: will we be getting copies of that whole presentation today, or when do you expect to have them?

**Hon. Ms. Hošek:** The clerk has them for you.

**Mr. Cousens:** The system that you described, a computer system that is available to the public as well as the—

**Hon. Ms. Hošek:** Yes, it is available in the 21 rent review offices right now. The individual orders, which you will get a copy of, will be going to the person. If you live in rented accommodation under the rent registry, you will get an order that says, "You live in this place and this is how much rent you should be paying," and you could compare it with what you actually are paying.

**Mr. Cousens:** Could I have a password to get into the system myself?

**Hon. Ms. Hošek:** I do not think it is a question of a password.

**Mr. Cousens:** Could I have the telephone number so that I can dial in through my own terminal at home?

**Mr. Braund:** Obviously, we are concerned about the security of the system and therefore we have people make the inquiry through a local staff member.

**Mr. Cousens:** So it is not available to someone like myself with my computer hobby-horse.

Could I have a copy of the computer system design, just what the system does? In other words, a flow of the data and the kind of reports that come out, not only for the ministry but also for users that are within it?

**Mr. Braund:** We would undertake to provide that.

**Mr. Cousens:** I would like to have that.

**Hon. Ms. Hošek:** Is it about that thing David?

**Mr. Braund:** We can give a brief explanation. Obviously, the system development is ongoing as we provide more and more features over a period of time. There are about 12 priorities that are working on right now.

**Mr. Cousens:** Could I have an indication of those priorities are when I receive a copy of what the system is?

**Mr. Braund:** Certainly.

**Mr. Cousens:** Is this system 100 per cent finished for the phase that you are in or is it still incomplete?

**Mr. Braund:** The system is complete as to the production of notifications in cases of no prior orders, and it is very close to complete in the system where we are comparing the rents with prior orders.

**Mr. Cousens:** When will it be complete?

**Mr. Braund:** The present schedule has complete on January 13.

**Mr. Cousens:** Is it on schedule now?

**Mr. Braund:** Yes.

**Mr. Cousens:** Was it completed on schedule with regard to the time frame initially established for the computer system, or was it ahead of time or behind time?

**Mr. Braund:** I would have to say that it is somewhat delayed from our initial expectation. No one had done a rent registry of the type that we are doing in Ontario and a lot of the complications that came out of statutory interpretations as well as systems development are hard to predict.

**Mr. Cousens:** That is normal too; that is good. I have a couple of other questions. I will move away from that subject because of the limitation of time.

Student housing: my friend from Oshawa was asking about the unrelated persons bylaw. Which specific communities are impacted by that situation you described for student housing?

**Hon. Ms. Hošek:** All the communities that have universities in them and all of them that have community colleges. So we are talking about most of the province.

**Mr. Cousens:** You are saying all of them, most of them?

**Hon. Ms. Hošek:** Most of them.

**Mr. Cousens:** So in those that do not have that, why have you not proceeded more quickly?

to something about the student housing crisis in those communities?

**on. Ms. Hošek:** I am sorry, I do not think I understood.

**Mr. Cousens:** You are saying that you have not done anything about the 5,000 student housing places because of the unrelated persons bylaw. That is the reason I saw being given by the ministry for no action on that election promise.

**on. Ms. Hošek:** Are you thinking about a particular place? The places we are thinking about are places like Kingston, Sudbury, and North Bay.

**Mr. Cousens:** I thought the reason you did not do anything about the 5,000 was this bylaw. I am asking, "What communities then?" If you are saying all the province has restrictions, I do not think that is the case.

**on. Ms. Hošek:** No, I think we have not been clear enough with you. The commitment to 5,000 student housing spaces was to building student residences. The bylaw has to do with other forms of housing available to students all over the province. We do not believe that building student residences is the only way to housing to people who are students and who need it. So it is a separate issue.

**Mr. Cousens:** So the promise by Mr. Peterson that 5,000 student places does not necessarily mean residential housing?

**on. Ms. Hošek:** No, the promise of 5,000 student spaces does indeed mean building things on campuses or near campuses for students to live in. On top of that, there are a lot of students who either do not want to live in student housing or whom it is not appropriate to be living in campus housing, or whatever combination of the two. Like, who are in communities that have a housing crunch for them because every year a lot of them come in and need places to live. What we are talking about is looking at a municipal bylaw which prevents, for example, more than three people who are not related to each other from living together in a house in North Bay. If you had a five-bedroom house in North Bay, five students who are not related to each other could not live there together, even though the next door might be a family with 10 people living in a five-bedroom house.

**Mr. Cousens:** That point you raised, did that have anything to do with the 5,000 student places?

**on. Ms. Hošek:** No. The 5,000 student places is a commitment by this government to be

built as student housing on campuses or near them. The next issue is all the other options for students, having to do with the ordinary market system of rentals for them.

**Mr. Cousens:** The other area that I wanted to follow up on is something that was raised by the member for Stormont, Dundas and Glengarry (Mr. Villeneuve). It has to do with municipal nonprofit senior citizens' housing. It is rather a large issue in which, if I were to crystallize the point he was trying to make, "Senior citizens living in...small towns find the burden of home ownership somewhat heavy after a certain time"—these are words from Mr. Villeneuve on January 26, 1987—"particularly when one of the spouses has passed away. The fact that the ministry has decreed that a 40 per cent needs criterion must be met to satisfy the construction of municipal nonprofit accommodation for senior citizens has almost guaranteed that very few of our small towns qualify." He cited some examples.

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I now have another example, which is very fresh on this problem, from the member for Simcoe West. (Mr. McCague) who has an example that comes out of Creemore. They just cannot seem to get it off the ground. The specific case is Creemore. The problem is generic. What can you do about it?

**Mr. Chairman:** Can we deal with this question—

**Mr. Cousens:** I will defer.

**Mr. Chairman:** —and then allow the government members to get in?

**Hon. Ms. Hošek:** The issue here is that the housing we are building is housing for people in financial need. If they do not have a financial need, then we cannot be the ones to build this housing for them through the nonprofit sector. This does not mean that there are not other means available to them for finding housing. Some of them could find market-related housing for seniors. In fact, in some of the projects there are housing people who are paying market rent and some people who are paying much less because of their financial need. So what you are talking about here is that our commitment is to make sure that people in financial need have a place to live.

One of the things that would deal with the concern you have—and it is one of the things we are looking at both intensification and through other methods—is that there are indeed a lot of seniors who are living in housing which is too big for their needs. They are rattling around in big



houses. They are overhoused for their needs. They are sort of house rich and cash poor.

One of the things that both various forms of renovation and intensification would allow is to have more than one unit in a house like this, so that someone could afford to stay in his house and also have some companionship or someone else around and also help free up some space for another unit. The programs which we have could perhaps be very helpful for some of the communities that you are talking about. There are some communities where there are large numbers of people in financial need who are seniors. We target our resources to the people who are in financial need in particular. I think the question of companionship and appropriate housing can be addressed by some of the other programs that we have.

**Mr. Cousens:** Mr. McCague, in his letter from Alvin Curling—he has a letter that goes back to July 22, 1986—has an indication that your ministry's field staff are concerned that the village of Creemore may not be able to meet the 40 per cent minimum requirement throughout the next 35 years. There was at one time a policy of 25 per cent. It was changed to 40 per cent. Those who applied earlier are now being treated differently afterwards, and there is still a definite need in some of these smaller communities. There seems to be a very arbitrary following through of refreshed guidelines, and that closes the door of opportunity to those communities. It is a common problem throughout rural Ontario.

**Hon. Ms. Hošek:** I think what we have done there is made the decisions less arbitrary by looking at a combination of people who have a very deep need for support in their housing and care need. We have a system of various forms of eligibility, but the main point is that we have to go where the people have the greatest financial need. There may be some programs available in our ministry that will help the seniors you are talking about. It does not necessarily have to be with the construction of a new seniors' project.

Our help with people converting, our help with low-rise rehabilitation, our help with intensification so there is more than one unit in a building—there are various other ways we can help these people. It does not have to mean a seniors' project. If you bring this forward, we will try to help.

**Mr. McGuigan:** I hesitate to break in, but we have only a little bit of time left.

**Mr. Cousens:** I respect the other member.

**Mr. McGuigan:** It was touched on before. I think most of us who come from rural areas, like

Mr. Miller and myself and others, were kind of appalled when we first came to Toronto and started seeing people sleeping on the street because we come from areas where this is pretty rare. I guess it is not unknown. There are people who sort of revert to the wild, I guess, and go out and live outdoors. But I think most of us were pretty appalled when we first saw this. I think about beautiful Toronto and how can this be happening here? We think maybe this goes on in Shanghai, China, Bombay, New York or Chicago; but in our beautiful city of Toronto, we are not prepared to accept it. Then I think most of us decided that this is the flash point of housing, seeing that these people are being pushed off the end of the scale and there is no housing for them.

I am a little more experienced in dealing with constituent cases. You begin to realize that it is much more than housing. It seems to me it is tied up with the Ministry of Community and Social Services, the Ministry of Health and the Ministry of Housing, and we need perhaps an overall approach to this.

I can give you an example of a case that came to me very recently. An older couple came to my house on Saturday. They just sort of realized that there was a hearing being held in St. Thomas where their adopted son was considering whether he should stay on in a psychiatric facility in St. Thomas or be let out. They are an elderly couple near 70. Their son is six foot, four inches, a very timid fellow but also very intimidating. They cannot control him. He is about to be let out, but they do not know what to do about it.

I looked in to the hearing. The son was represented by a lawyer—I presume a government lawyer—so I got word back to the parents that they could go to the hearing too and put in their word.

So what would actually happen is that the son would work and he would overwork, and the system would get out of balance because he was controlled by drugs. He was a schizophrenic and his system would get out of order. He would give his money away and become a street person. The result of it was that they put him in the hands of the public trustee to handle his money because he would give all his money away.

Going back a few years, I think probably what happened 20 years or 30 years ago is that they would take people like this, put them in a psychiatric ward in St. Thomas and leave them there the rest of their lives. I guess we were concerned about it and said that these people were sort of being imprisoned against their will, not being treated properly by society, and we



all these systems whereby they could get out these places.

Having them out on the street, we are not taking after them. Apparently, what has happened is that these people have become accustomed to the discipline of an institution. They do have to think for themselves. They are given their medication at certain times, they go to bed at certain times and so on. They come to the point where everybody says they appear to be normal. When they go to a hearing and get out. Lacking supervision, they get into all sorts of situations. Then we see them sleeping on the street, and they are into drugs and everything else.

Have you or the other ministers talked about the new directions that might be taken by more than one ministry to try to care for these people? It is hoped that you will find some sort of better situation than we have today. I do not think this is purely a housing matter. I do not want to minimize the housing deal.

**Hon. Ms. Hošek:** Because of the drugs we have, there are people who in the past could not really have functioned outside an institution at all but are now able to function well enough as they can, with some help and supervision, in the community. I think what has happened is that there has not been enough help and supervision for them. The community mental health initiatives that will be coming forward from the Minister of Health (Mrs. Caplan) are trying to address this problem, among others, and certainly the Minister of Health, the Minister of Community and Social Services (Mr. Sweeney). I have been talking about this problem, because you are right, it is not just a housing problem. It is a problem of people who have all sorts of difficulties, and one of their difficulties is housing.

The new package dealing with people who are homeless, which we announced today, is one step in that direction because it does, in Metro Toronto, give us some workers to work on the street with people of the sort you are describing, to have the kind of difficulties you are describing, who, even if there were a place for them to live would need lots of help finding it and living in it. That is the kind of help we are looking

Also, one of the things we have done with the Ontario Housing Corp. and with some of the nonprofit groups is to open up OHC housing to people who no longer need psychiatric care. In old days, when they did get out of psychiatric institutions they often could not find any place to

live at all, even if they were really quite able to live reasonably well in the community. We have opened up that process.

We also have in the new nonprofit sector—Project 3000 is one of the things we have mentioned—several projects that specifically include among those they try to help people who have had this kind of history and who do need help in making the transition and in staying in housing, who need to be talked to and to have certain kinds of supports to live in the community.

We also have an initiative called Supportive Community Living in which we are working with all three ministries. At this point we have a target of 1,000, but that will increase to 2,500 spaces in nonprofit. It is for people who, if help were available to them, could live reasonably well in the community, but who cannot simply be given a place to live and left alone. They need other kinds of support, both from the Ministry of Health and from the Ministry of Community and Social Services. We are developing a way to do that right now.

I do think housing is one of the problems. In fact, what happens is that housing is the most visible problem. If you walk down the street and see a troubled person, you think, "This person has no place to live." That is the first thing you think, but in fact the person may have other difficulties as well. We know that and we are trying to work with the three ministries to make this happens. We are very committed to doing it.

The announcement we made today is one part of that. There will be more announcements under the community mental health initiatives. It is clear that because we now have the kinds of drugs that will allow people not to have to be locked away in a back ward any more, we have to make sure there is a place for them to live and the support to make it possible for them to live.

**Mr. McGuigan:** Part of the problem is, how do we in a free, open, democratic and liberal society put some sort of compulsion upon these people? We do have it in the penal system: people come out and are under probation. I do not know how well it works, but at least they have a probationary system where you have to report to an officer and more than just moral suasion is put upon them to maintain their regimen.

Has there been any thought of how we can do this with these people who require more than just a gentle hand to—

**Hon. Ms. Hošek:** I think the kind of support we are talking about is quite different in spirit from anything like parole. For example, we have

people living in our housing right now who have spent time in various psychiatric institutions. What happens is that there are people who call them once a day and say: "How are you doing? Are you taking your medicine?" That may be all that is required for some people. For others, other kinds of help need to be given.

I think this is a really difficult problem, because we believe in people's freedom. One of the terrible things that sometimes happens—for example, with Drina Joubert, who died in Toronto last year, who was a very troubled person; people think she died because she was homeless. In fact, she had a home. She refused to go there. You can give people the resources; you can send people out there to talk to them; you can try to convince them that it would be better for them to go to the home they have, and you can try to provide a home for them. But you cannot interfere with people's freedom beyond a certain point. That is a very hard one for those of us who think we know better what is good for them.

**Mr. McGuigan:** That is right.

**Hon. Ms. Hošek:** But I think there is a limit to how far one can go with that approach. It is a tough one; it is a hard one. Every time somebody dies in the street for whom we had a place to keep warm, I am sure we wonder if we did it right this time. I am personally not comfortable with the method of the mayor of New York, who goes out and sweeps people off the street against their will and puts them in hostels. I think that is incarceration, and that is a problem, too.

**Mr. McGuigan:** I suppose not too many years ago we charged these people with vagrancy. We do not do that any more, haul them in and put them in jail overnight.

It certainly puts you on the knife edge when a person like Mr. Miller or me or someone from the country sees this person sleeping on the street here. What are we going to do about it? I guess you get to the point where you walk over them and do not do anything about them. Then you read these nasty pieces. It is such a knife edge whether you are going to be on the side of civil liberties or whether you are going to be on the side of trying to take care of people.

**Hon. Ms. Hošek:** Obviously, you are on the side of trying to do both. In some cases, you have to choose between one and the other and you hope to God you made the right choice.

**Mr. McGuigan:** These were my questions.

**Mr. Miller:** I would just like to add, Mr. McGuigan, that you said we do not have anybody such as you were describing in Toronto, but we

do. We have one individual in Simcoe who is living in a barn. We have been working closely with a church group trying to get assistance for him and even to encourage him to stay someplace where it is warm. We cannot do it, and he will not do it. The group is working along with him, and there is nothing it can do. We have used all the agencies we have within the government; but unless he wants to, that is it. Something that really bothers me is that I do not like seeing anyone go cold or hungry. I see him on the street wandering around every day. It is not only in Toronto; it is happening out in rural Ontario also.

I would like to follow up on Mr. Cousens. I do not know if he got an answer or not on the rent. I had an incident where a couple from Simcoe was trying to rent an apartment in Toronto. It was on the same basis as Mr. Cousens was talking about. They were willing to pay \$425 a month rent, but the rent review indicated it was only \$300 or so for that area. Consequently, they could not rent it, even though both parties agreed.

**Hon. Ms. Hošek:** You mean the landlord was not willing to rent it to them?

**Mr. Miller:** No, not at \$400; because he felt they would come back on him at a later time and he would have to make up the difference in the rent. He had several apartments, one- to two-bedrooms, and was willing to fix them up, paint them up and prepare them for them and they were willing to take it, but because of the fact that they may have to pay some back rent to them if they take him through the rent process, he would not rent them. I wonder how many cases there are.

**Mr. McGuigan:** They let them go vacate them.

**Mr. Miller:** Yes. We got in touch with the review people; and I found out you have to do it legally and I cannot interfere; that bothered me.

**Hon. Ms. Hošek:** I understand the concern. Obviously, we cannot force someone to be a landlord against his will. If they do not want to rent out their space, they can choose not to.

One of the provisions of the rent review law is a regulation that is not yet proclaimed but will be eventually for something called chronological depressed rents. If someone can show, perhaps the person you are talking about would be able to show—and I do not know the case so I cannot comment on that case—that the rent there is significantly lower than the area around it, then we can show that for some reason that rent is very low, there are provisions for slowly moving it towards a more appropriate rent for the market.



The rent review process, I guess, has some of the glitches. The most important commitment we have is to protecting tenants and to making sure that they have affordable places to live and that the protection remains for them. There are occasional stories like the one you tell us that are problems on the other side.

**Mr. Miller:** When there are two parties involved and they still cannot come to an agreement that they could use that facility without being hassled or having it brought up for, are you saying it has to go through the procedure in order to protect that?

**Hon. Ms. Hošek:** Yes, it does.

**Mr. Miller:** It seemed reasonable for two-room accommodation in the city of Toronto.

**Hon. Ms. Hošek:** At the moment there is no provision under the legislation to do what you suggest.

**Mr. Miller:** Again, I guess I indicated the other day we had another case in Simcoe where they had a home that was renting for \$130 a month and they wanted to increase it to \$300 a month. This was a home for three people to live in. As a matter of fact, they are utilizing it. It was before rent review in Hamilton. Again, the owner of the home is concerned that he may have to pay rent, and it seemed to be reasonable.

**Hon. Ms. Hošek:** We have to get a balance between the home owners and the tenants. I think there has to be a happy medium. There is a waiting list of 2,500 people and it is going to take a long while to get that solved. I know people are working on that. I wanted to express the concern that there has to be fairness on the part of the home owner and the renter too so they get a fair return on their investment.

**Hon. Ms. Hošek:** I notice Mr. Breaugh's indication that the private industry does not want to participate, but I think it would if it thought it could get a fair return on its investment. I think you have to be reasonable. There is also the fact that they should have some control over their property. I think that is the other side of it. You have to protect the tenant. You have to make some provision here and consideration has to be given for the funding of new construction. We want to make sure it is maintained.

**Hon. Ms. Hošek:** Actually, in the legislation, for those buildings that were built after 1975, there is a provision for return on equity for the owners of the building or the unit. We have taken that into account for the buildings that were built prior to 1975. I think we have tried to take account

of more of the factors that have to do with the whole rental system in this legislation than in the previous legislation. There clearly are some problems.

**Mr. Brown:** I just wanted to bring to the minister's attention that we have perhaps the opposite problem in my riding as far as accommodation goes. We have approximately 1,000 rental units in Elliot Lake that are very available. The problem is, we do not have the people. Elliot Lake, the municipality, is just beginning to engage in an active program to recruit people on fixed incomes and that sort of thing to come to the town, and we have already attracted some people. I just wonder what help the minister might give us to do that sort of thing, because it does solve other people's problems as well.

**Hon. Ms. Hošek:** I do not have an answer for you about that, but I have to tell you that it is refreshing to hear. There must be a way that we can let people know that these places exist. One of the things we could do is talk with the people in Elliot Lake about some strategies, but this is not the kind of thing I usually hear. I am glad to know there is somewhere where there is housing. Obviously, there must be a way to make sure that it gets used. I think people on fixed incomes are a very good group to go after in a community that has a lot of services. There is a lot to be offered up there.

**Mr. Brown:** The other question I had was to do with rent control and how exactly the ministry deals with the kind of strange situation we have in our riding, where there are company-subsidized rents, and how you decide what is really a fair rent when you have a company subsidizing employees to live in a unit. How exactly does that work?

**Hon. Ms. Hošek:** I do not have the exact answer to that. Mrs. Burak, do you have an answer to that one? How do we deal with what is a fair rent when the rent is subsidized by a company. It is a company unit?

**Mr. Brown:** My question is how do we deal with what the fair rent is at this given time when it is a company-subsidized unit that is used to attract the employee to live there or whatever?

**Mr. Parker:** The subsidy is in what form?

**Mr. Brown:** They do not charge the rent. For example, the true rental might be \$500, but they might give it to the employee for \$250.

**Mr. Parker:** In the registration of those particular units, they would perhaps have established what they determined to be the effective or



the lawful maximum rent, the rent charged as of July 1. They may choose not to charge that amount, but they went through the registration process to establish the lawful maximum rent that could be charged.

**Mr. Miclash:** Just in the couple of minutes we have left, when I came to the big city I found the concept of key money. What is the ministry doing in regard to this?

**Hon. Ms. Hošek:** Asking for key money is illegal. One of the things we do is that if anyone comes to us with a complaint that he has been asked for key money, we help him in the investigative process, I will not tell you exactly how, to make sure we can nab the person who is asking for key money. We have done a few prosecutions. We have now got two people who have been fined for asking for key money. We are beginning to make it a little bit harder to do.

We are dependent upon people who have been asked for key money coming forward and telling us about it. We have done some educating about the fact that we are here to help on that issue. If you know of any such cases, or anybody else knows of any such cases, please bring them to us. We are actively working with the people who tell us the stories to make sure that we can get a prosecution and, I hope, a conviction.

**Ms. Collins:** I have one short question regarding the maximum unit price. This has been a complaint I have been hearing outside of the Toronto area. Can you tell me when there will be increases in the amount in areas outside of Toronto?

**Hon. Ms. Hošek:** The maximum unit price was increased by five per cent not very long ago. This is a number that is always under review. When you are talking about the federal-provincial program, it is put together by the federal government and the province at the same time. We negotiate with them and try to make the price that in certain areas the price has to go up because of market conditions.

This is always being talked about and under review, and may be increased as often as every year. The Hamilton one was increased by five per cent in the last little while.

Votes 1801 to 1804, inclusive, agreed to.

**Mr. Chairman:** This completes consideration of the estimates of the Ministry of Housing.

Minister, I thank you and your staff on behalf of the committee. In particular, I would like to express my appreciation to you for the perseverance you showed in wrenching Dr. Laverly away from his econometric models for an afternoon. We enjoyed the estimates very much.

**Hon. Ms. Hošek:** Thank you very much. I would like to thank the members of the committee and I would also like to thank the staff of the Ministry of Housing for doing a wonderful job.

**Mr. Chairman:** This committee will not meet next week. We will sit when we next meet to deal with the problem of mining accidents and fatalities. There will be more information sent out to members before then.

The committee adjourned at at 5:58 p.m.

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-Chairman: Wildman, Bud (Algoma NDP)

vn, Michael A. (Algoma-Manitoulin L)

ns, Shirley (Wentworth East L)

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k: Decker, Todd

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### n the Ministry of Housing:

k, Hon. Chaviva, Minister of Housing (Oakwood L)

on, Murray, Acting Assistant Deputy Minister, Social Housing

k, Rita M., Assistant Deputy Minister, Housing Policy

rty, Dr. Patrick, Director, Rent Review Policy Branch

nd, David, Registrar, Rent Registry

er, Jim, Director, Rent Review Services Branch

ch, Gardner, Deputy Minister







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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Wednesday, May 25, 1988

**Speaker:** Honourable Hugh A. Edighoffer  
**Clerk of the House:** Claude L. DesRosiers

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, May 25, 1988

The committee met at 3:37 p.m. in committee room 1.

## ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986

**Mr. Chairman:** The standing committee on resources development will come to order. Beginning today and for the next three weeks we will be dealing with the Workers' Compensation Board. I think most people in the room recognize the people at the front. Alan Wolfson, on my far left, is, I believe, president of the WCB. Next to him is the chairman of the compensation board, Dr. Robert Elgie. Next to me is the Minister of Labour (Hon. Mr. Sorbara). To my immediate right is Todd Oker, the clerk of the committee, and Merike Blisso, the researcher to the committee, and two indispensable Hansard reporters.

Without further ado, we had better get on with it, because there is going to be a vote in the Legislature this afternoon and we want to hear from the minister and from Dr. Elgie.

Minister, welcome to the committee.

**Hon. Mr. Sorbara:** Thank you. I have some opening remarks in a rather structured form that I am going to share with you, and I understand after that the chairman of the board has some remarks and then matters will proceed.

Members of this committee will know that workers' compensation is an area which is often divisive and emotionally charged, but you will know too that the Workers' Compensation Board provides a service which is indispensable to the workers and employers of this province.

In recent years the WCB has come under considerable scrutiny. There have been a number of inquiries conducted and reports provided. Much value has come from these various efforts. They have provided useful guides for improving the system of workers' compensation in Ontario. The government is committed to making further improvements to the compensation to make it more equitable, more effective and more efficient. In particular, I tell the committee that we are proceeding with the government's commitment made in a recent speech from the throne to deal with the issues of permanent partial disability, vocational rehabilitation and reinstatement rights for injured workers.

Clearly, there is much to do to make the existing system an even better one, but this should not obscure the fact that a number of important and very positive measures have already been taken. Dr. Robert Elgie, the Workers' Compensation Board chairman and the fellow sitting directly to my left—I thought you would be on my right, but be that as it may—

**Dr. Elgie:** It depends on whether you are up here or down there.

**Mr. Laughren:** Nobody is.

**Hon. Mr. Sorbara:** You are, Floyd. Just for the record, you are.

**Mr. Laughren:** I didn't start it either.

**Hon. Mr. Sorbara:** I was delighted, in fact, to hear the member for Nickel Belt talking in the House this afternoon on the importance of keeping assessment rates under control. That is not typical of his party. Nevertheless, I welcome that as I welcomed his other comments earlier on this afternoon.

In any event, Dr. Elgie will be speaking to many of the organizational developments, policy initiatives and operational improvements that have taken place in the past 12 months, so I am going to keep my remarks rather brief. I would like to take the opportunity, however, to touch on just a few WCB issues and initiatives.

Last fall, my predecessor received the report of the task force on workers' compensation vocational rehabilitation which he had earlier commissioned. As committee members know, the task force report made a number of recommendations for improvements to the WCB vocational rehabilitation program.

The major theme in the report is the need for early intervention if we are to successfully reintegrate injured workers back into the workplace. In response, the WCB has recently circulated a proposed revised vocational rehabilitation strategy for comment. This will no doubt be a matter that you will wish to discuss with Dr. Elgie and others who are appearing before your committee.

I am certain I do not have to convince the members of this committee how important it is to get injured workers back into the workplace. It is, of course, important to the worker and to his or her family. It is equally important to the



employer who needs the skills of the injured worker, the experience and the initiative. And, of course, it is important to the community as a whole as a measure of our compassion and regard for one another.

In 1987 the board located some 5,234 potential job opportunities for injured workers. Of these, 1,809 involved the utilization of the board's assessment and training on-the-job programs. Overall, 5,229 injured workers returned to employment in 1987.

The board, I am told, is increasing its community involvement in other ways. For example, it has continued discussions throughout the past year with a community-based group in Sudbury regarding the establishment of an experimental two-year pilot project to provide intensive medical rehabilitation services to injured workers in the Sudbury area. Participation in the program is and will be voluntary, and both the worker and the worker's physician will have to agree to it.

This project offers workers who cannot return to work after 90 days an opportunity to undergo intensive analysis of their health status by a team comprised of a general practitioner, an occupational therapist, a physiotherapist and a social worker.

This pilot project will not only benefit injured workers from the Sudbury area, but, as well, it will provide research to assist the board in determining the most appropriate method for delivering effective medical rehabilitation services locally throughout the province. It is yet another example, I suggest, of the decentralization and regionalization of services, and represents a commitment to the workers of northern Ontario.

Also, in keeping with its commitment to regionalization, the board, in March of this year, opened a full service regional office in Windsor to serve southwestern Ontario. This means that clients in the Windsor area will be able to obtain not only vocational rehabilitation services and information services, but also a wide range of additional services including claims registration and adjudication, disability pension adjudication, compensation payment authorization, health care processing, in-house medical consultations and local medical examinations. The Windsor office is the sixth such regional office opened by the board over the past few months to improve services locally to clients.

The Workers' Compensation Board has also announced a new medical rehabilitation strategy proposal. It would provide a foundation for

improved medical rehabilitation services for injured workers and also for the general public. The proposal is currently the subject of discussions between the WCB, the Ministry of Health and interested parties, including the health care delivery system around the province. I would be interested in any comments that committee members might have on the proposed strategy.

This committee knows that improving workers' compensation system is an ongoing process. As I have mentioned, the government will bring forward legislative amendments concerning reforms to the permanent partial disability compensation system and to enhance the return of injured workers to re-employment. At an appropriate time, I will look forward to the Legislature's thoughtful approach to these initiatives.

I thank you for the privilege of appearing before the committee and look forward to hearing Dr. Elgie's remarks and your comments and questions on them.

**Mr. Chairman:** Mr. Minister, do you have a copy of your remarks for the committee? If not, we could take copies of it.

**Hon. Mr. Sorbara:** I do. While the "check against delivery" remains, nevertheless, it will provide them to you.

**Mr. Chairman:** Thank you.

May I suggest to the committee that we go back to the chairman of the board before we open up to comments from the members. Is there a problem with that?

**Dr. Elgie:** I appreciate the opportunity to appear before members of this committee as I commence your review of the 1986 Annual Report of the Workers' Compensation Board.

In keeping with the practice in recent years, I would like to summarize for the committee the major changes which have taken place within the board since I last appeared before you. In that regard, it is fair to say that the last year and a half has been a period of unprecedented progress in building a better workers' compensation system.

Although I recognize that much remains to be done and that in some areas transitional difficulties may still be present, I have no hesitation in saying that the board has made great strides towards its goal of improving service to all of the groups with which it deals—workers, employers, members of the health care community and its own staff.

Improvements mainly fall into two broad categories—operational changes and policy program initiatives. What I would like to do today is both to describe and elaborate on some

board's initiatives in each of these categories. Firstly on operational changes: Two years ago complete overhaul of the board's operational structure was commenced. The ultimate goal was remains the creation of an organization which is at once sensitive and responsive to clients, fair and open in its treatment of cases and efficient and effective in its operations.

While this broad goal may be seen at one level as a reaffirmation of the basic principles on which the workers' compensation system was founded more than 70 years ago, its translation into modern day conditions has involved a significant transformation in the internal structure of the board.

This reorganization process has just recently been completed. The main framework is provided by the creation of four divisions within the board—client services, policy and specialized services, corporate services and strategic policy analysis.

Within the client services division, the board has made major changes in both the nature and size of its network of regional offices. The opening of new offices in Ottawa last May and in Windsor earlier this year, brought the number of regional offices to six. This expansion has added a dramatic shift in the proportion of the board's claims handled in the regional offices—from 10 per cent in 1985 to 36 per cent in 1987 and is anticipated 50 per cent in 1988.

During 1987, of the almost 470,000 new claims reported to the board, 170,000 were handled in the regional offices—73,000 in Hamilton, 16,000 in Sudbury, 14,000 in Thunder Bay, 10,000 in London and 36,000 in Ottawa over the 12 months that office was in operation.

Case loads in some areas have been reassigned for a variety of reasons including geographic proximity, medical referral patterns and transportation corridors. For example, caseloads from Lambton county and Sarnia areas were transferred to the London regional office, while caseloads within the electoral districts of Cochrane, Timiskaming and Nipissing, in the Timiskaming and North Bay offices are now dealt with through the Sudbury regional office.

The Windsor regional office, which commenced operation in February 1988, is being used as a prototype to examine the feasibility of integrating organizational features drawn both from the other regional offices and from the recent structural realignment at the board's head office in Toronto. Experience with the new

approach in the Windsor office will be evaluated during the next year with a view to determining whether a similar structure might be extended to all the regional offices.

In parallel with the regional office expansion, a major reorganization in the provision of client services also occurred at the board's Toronto head office. Key functions, such as claims and health care adjudication, medical and vocational rehabilitation—once organized as distinct, separate entities—have been drawn together into a series of integrated service units. Each unit is self-contained and located on one floor of the head office building.

Seven of the integrated units—central Ontario east, Toronto east, Toronto west, Toronto north, central Ontario west, central Ontario south and Toronto south—are responsible for specific geographic regions within the central core area of the province not serviced by one of the board's regional offices. The eighth integrated unit is organized on industrial rather than geographic lines and is responsible for the construction industry throughout central Ontario. A construction industry labour-management advisory committee is assisting in the development and operation of this unique unit.

French language services for the entire province are provided through the central Ontario west integrated unit.

The benefits expected to accrue from this new alignment of services are various. First, it will provide, promote and facilitate more effective liaison between the providers of claims adjudication, health care and rehabilitation services, each of whom may be involved at different stages in the course of a claim. Better linkages between these stages will benefit the claimant in terms of both expediting the process and improving the effectiveness of the service provided.

The second anticipated benefit is that the smaller claims services units will facilitate specialization and familiarity with the particular environment faced by specific groups of clients. The allocation of claims to each integrated unit on the basis of the employer's postal code will lead to greater continuity of contact between board personnel and individual clients, which in turn will be especially beneficial in involving the employer more effectively in rehabilitation measures to return the injured worker to employment.

Third, injured workers, employers and health care professionals should benefit from the improved access to decision-makers.



Finally, a number of administrative efficiencies will flow from the reorganization of client services, not the least of which will be that the need to pass files and other claims information between different sections, locations and floors within the board should be much reduced.

The first integrated unit to become operational, central Ontario east, commenced in September 1987. By the end of the year, five units were providing services to board clients, processing a total of about 20,000 claims. The remaining three units—central Ontario south, Toronto south and construction—became operational in the first two months of 1988. When they are at full strength, the integrated units will handle about one half of the board's claims.

I believe that this new structure signals a new era in staff collaboration and teamwork and will result in faster claims processing and a more sensitive and caring service.

While the changes that have taken place within the client services division will have the most immediate and visible impact on the majority of persons dealing with the board, reorganization measures have also been implemented elsewhere in the organization.

In the corporate services division, a program review report prepared last summer by external consultants produced a number of recommendations aimed at streamlining the division's operations and improving efficiency. The restructuring and rationalization of key functions affecting the financial and review services areas, among others, also resulted in the transfer of communications and actuarial services to a new strategic policy and analysis division.

In addition, this latter division is responsible for the provision of specialized legal services, administrative support to the board of directors, analysis and advice on strategic policy issues and assessing the impact of board programs through a recently established research and evaluation branch.

The fourth division, policy and specialized services, provides a range of specialized medical and vocational rehabilitation programs and services and includes the Downsview Rehabilitation Centre and the Occupational Health and Safety Education Authority.

The occupational disease department, which became operational in January of this year, will substantially improve the board's capacity to monitor emerging trends and to provide policy and technical advice with respect to the adjudication of occupational diseases.

The policy and specialized services division also charged with the responsibility for developing and integrating the board's operating policies and the administrative guidelines to these policies to program delivery. An important element in this work, and in the activities of strategic policy and analysis division, will be a strong commitment to consult extensively with those who have a stake in the operation and development of the workers' compensation system. This will assist the board in better understanding the problems and concerns of client groups and will help to promote the formulation and adoption of more effective policy prescriptions to alleviate these problems.

In concluding my remarks on the reorganization of the board's operations, I cannot let the moment pass without an expression of gratitude for the diligence and forbearance exhibited by the board's staff during the past year. That major changes of this type could be successfully implemented in a relatively short time period while continuing to maintain the day-to-day delivery of services testifies both to the dedication of the staff and their interest in improving the operational effectiveness of the organization.

With respect to policy and program initiatives, the range of policy issues dealt with during the past year is extremely broad. It includes changes in directions in the board's approach to compensation involving the payment of supplements under subsection 45(5) of the act, chronic pain disability, the compensation of gold miners with cancer, the retroactive application of pension changes and the commutation of pensions.

On the financial or revenue side, the board continued to pursue the long-term funding strategy adopted in 1984 and combined it with the introduction of a monthly billing procedure on a pilot basis, made a number of important amendments to its experience rating program and set out a new approach to determining discount rates used to value the board's liabilities and to compute the magnitude of commuted pensions.

Perhaps the most controversial and the most widely misunderstood of these changes was the adjustment in the interpretation and application of subsection 45(5) of the act, governing the payment of supplements to recipients of permanent partial disability pensions.

A review of supplements policy had been prompted by a number of expressed concerns and uncertainties associated with the way the relevant statutory provisions had previously been ad-



ered. Professor Weiler, in his third report, published in late 1986, noted that there had been significant change over time in the adjudication of permanent partial disability pensions and supplements, without any corresponding change in the statute itself or in the board's formal policy.

Subsequently, in decision 915, the Workers' Compensation Appeals Tribunal raised further questions concerning the interpretation of subsection 45(5), focusing on the apparent lack of congruity between the board's policy and its practice. It pointed to the need for the board to make a clear decision between two alternatives: the practice of continuing supplements so long as disability-related earnings loss persisted, and the written policy of limiting supplements to a three-year maximum time limit.

Prior to the 1985 statutory amendment, indexing pre-injury earnings for purposes of determining entitlement to a supplement, this distinction between policy and practice had been apparent since loss of earnings, measured in accordance with the statutory requirements, often failed to continue beyond the three-year period. Following the statutory change, which indexed pre-accident earnings, this was no longer the case.

The concerns, and the perceived need to inject a greater degree of consistency into the granting of supplements to assist during a period of rehabilitation, justified the need for a review. In the course of that review, it became clear that over the years the interpretation of subsection 45(5) which had gradually emerged was not consistent with the wording of the legislation itself. The amended policy brings the board's interpretation and administration of the section in line with the intent of the act by ensuring that supplements are awarded to those who pass the threshold test, on a temporary basis in support of medical and vocational rehabilitation programs. Chronic pain disorder was recognized as a compensable condition in 1987. In the past, the WCB had compensated for disabling pain that was consistent with an organic injury, but compensation was denied where there was no detected organic or discrete psychiatric problem which could explain the pain. In light of the accumulation of medical evidence and opinion, the board took the position that compensation should be paid for genuine chronic pain disorder resulting from a work injury in cases where the pain has a psychological or undetected organic cause.

In early May, the WCB board of directors accepted in principle the compensability of chronic pain disorder. In July it adopted an interim policy and an associated rating schedule which provided for one-year provisional awards. In the interim, the Workers' Compensation Appeals Tribunal had also concluded that chronic pain disorder was a compensable condition.

The board's interim policy is based on compensating the injured worker who suffers real pain that results from a work-related injury, persists more than six months beyond the usual healing time for the injury and impairs the worker's earning capacity.

At the conclusion of the one-year period covered by the interim policy, the board of directors will review the practical experience gained in its operation and determine whether and on what basis the policy should be continued. In taking the approach that it did, the Ontario board became the first in Canada to recognize chronic pain disorder as a compensable condition.

The board's willingness to assume a leadership role in the compensation field was also demonstrated with its recognition of the relationship between gold mining and the incidence of lung cancer. The board had requested the opinion and advice of the Industrial Disease Standards Panel on this issue. In addition, a second panel, chaired by Dr. Anthony Miller of the University of Toronto, conducted its own investigation of the same issue. Both panels found a probable connection between lung cancer and gold mining in the province, although they differed in their recommended approach to the formulation of eligibility criteria for compensation.

Last November the board of directors adopted an interim policy to provide compensation for those miners meeting criteria that relied upon areas of agreement between the two panels. In January of this year, a more comprehensive policy incorporating additional criteria was adopted.

This policy breaks new ground in the field of industrial disease compensation by seeking to identify in a systematic manner cases which are most likely to bear excess risk. In contrast, the traditional method used elsewhere tends to compensate whole groups based on the balance of probability that the condition in question was related to occupation exposure. A drawback in that method, and one which the board's new policy seeks to overcome, is that it is relatively insensitive to situations where excess risks clearly exist, yet are insufficiently large to

predominate over potential nonoccupational causal factors.

WRAC and section 86n reviews: In 1987, the board of directors established a review advisory committee of the Workers' Compensation Appeals Tribunal within the general counsel's office to review decisions of the Workers' Compensation Appeals Tribunal. The committee assesses each decision to determine if the basis of the tribunal decision differs from board policy and whether, in its opinion, a decision should be considered for review under section 86n of the act.

This advice of the committee is presented to the board of directors on a monthly basis. During the year, the board of directors decided to review issues of policy and general law raised in the tribunal decision 72. The principal issue involved interpretation of the term "injury by accident" in subsection 3(1) of the act. The tribunal had held that in order for such an injury to exist, it was not necessary to show that it was associated with some discrete external chance event.

In the tribunal's view, an injury by accident could be said to occur where an injury occurs suddenly and unexpectedly during the routine performance of a worker's job without an accompanying "chance event" or occurrence. In accordance with section 86n of the act, affected parties were given the opportunity to make both oral and written submissions at the review. Oral submissions were entertained during public hearings in June, October and November. A decision by the board of directors is expected shortly.

Under the terms of section 86n, the board of directors may direct the appeals tribunal to reconsider its original decision if the board of directors determines that the interpretation of the policy in general law is different from the interpretation rendered by the appeals tribunal.

Retroactivity policy: In approving the board's new chronic pain policy, the board of directors stipulated that benefits for this condition were not to be paid in respect of periods prior to July 3, 1987. A number of subsequent tribunal decisions took a contrary position. As a result, the board of directors decided to initiate a section 86n review of a series of such decisions, but also decided to defer that review until after the appeals tribunal issued its addendum to decision 915.

In an effort to ensure adherence to a consistent set of principles in the future governing the retroactive application of board policy, the board of directors in October approved a policy on this

issue. In general, policy changes will be effective only from the date that they are approved. However, cases involving industrial disease such as in the gold miners' case may be treated as an exception with an earlier effective date than the board of directors so direct.

Commutation of pensions: The board's policy on commutation of pensions was amended and clarified. The new policy reaffirms that the intent of the act is to replace lost wages and therefore to provide a continuing source of income for the workers' impairment of earning capacity in cases involving a permanent disability.

Nevertheless, it is recognized that there be situations which justify a departure from the approach in favour of the payment of a commuted pension in the form of a lump sum. In seeking to define these situations, the policy places strong emphasis on the rehabilitative rationale for commutation rather than on purely financial factors.

I would like to comment on discount rates. The discount rate to be used in computing present values of commutations was also considered by the board of directors, in conjunction with its adoption of a series of principles to guide the board's financial approach to setting the net discount rate used to value its liability. The latter rate, that is, the discount rate to value its liabilities, was adjusted to three per cent, having been seven per cent previously. That, on the basis of current economic conditions and the higher earning potential of the board's accident fund, arising in part out of changes in investment powers consequent on passage of Bill 101.

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The discount rate to be applied in computing the commutation of pensions will in future be linked to the valuation discount rate through a formula that sets the commutation rate at a level of one percentage point in excess of that rate. An additional margin of one per cent was based on actuarial advice. It is designed to compensate for the potentially adverse impact of commutation decisions on accident fund finances and the need to safeguard the financial interests of claimants who are dependent on the fund for pension payments.

The new commutation rate, which currently stands at four per cent, applies to all commutations granted on or after January 1, 1986, with an effective date of the inflation indexation of benefits under the Workers' Compensation Act.

The funding strategy of the board: The cornerstone of the board's policy on the financial



of its operations remains its commitment to long-term funding strategy which was developed and announced some four years ago. The members of this committee may recall that the approach taken at that time was to seek to amortize the unfunded liability of the board's accident fund over a 30-year period. The mechanism selected to achieve that objective was to institute a surcharge of approximately 50 cents on top of the average assessment rate required to cover the full costs of each year's new claims. Pursuit of this objective involved the implementation of a significant increase in the average assessment rate—something in the order of 45 per cent—which would be phased in by way of a series of annual increases. It was expected that the rate would average about 13 per cent per year over a three-year period, with more moderate increases thereafter until the rate eventually stabilized at its target level.

The rate increases actually experienced during 1985 to 1987 reflect this phase-in approach. Since it had reached this plateau, in the absence of significant changes in the real—that is the inflation-adjusted—cost of the system, the average assessment rate would then remain constant until the year 2014, when it would fall upon removal of the 50-cent surcharge as the unfunded liability declined to zero.

Since 1984 the gap between the actual and the target assessment rate has been considerably narrowed. The employer community has experienced significant rate increases over the past one or four years, but I am pleased to report that the worst now appears to be over, as indeed it was envisaged would be the case by this year when the strategy was first put in place.

The improved outlook can be demonstrated in a number of ways. The 15 per cent maximum rate increase which applied for each individual rate group during 1985 and 1986 was reduced to 14 per cent in 1987 and to 10 per cent in 1988. Last year, for the first time in several years, some rates actually declined. This year the number of rate groups with a decline has grown to 22 rate groups or just one-fifth of the total.

In 1988 only 55 rate groups experienced an increase as high as 10 per cent. For 1988 the average assessment rate increase was 4.9 per cent, the lowest since 1982. About one half of the rate groups have now reached their own individual target rate and face the prospect of no increase or no increase for next year, provided their cost performance does not deteriorate markedly in the intervening period.

The board's assessment rate strategy: The 1988 assessment schedule was established following a lengthy process of consultation with employers across the province during the summer months. More than 70 meetings in all were held in 14 different regional centres and all employers registered with the Workers' Compensation Board were invited to participate. The meetings provided a forum for the discussion of a wide range of assessment and related issues and influenced the subsequent adoption of two other measures in conjunction with the 1988 assessment rates.

Modifications were introduced in the method used to calculate maximum assessable earnings, of particular importance in situations where workers work for less than a full year. A greater degree of flexibility is now possible, with employers permitted to choose from two different methods in order to tailor the selected method to their own individual work situation.

In addition, the board of directors approved the introduction of a monthly billing scheme on a pilot project basis in four industries—logging, construction, trucking and steel. The objective is to test the administrative feasibility, reporting convenience and economic implications of the scheme before deciding whether it should be extended to include other groups.

Monthly billing possesses a number of potential advantages. It allows assessments to be levied on actual, rather than estimated payrolls; it helps to synchronize payments with the level of business activity, especially helpful in seasonal operations; and it should assist in ensuring that uncollectable assessments are minimized by reducing the time lapse between accident exposure and payment due dates. The new system responds to requests by several employers and employer associations for the board to consider alternatives to the traditional assessment approach. We intend to monitor it carefully before making a decision on its future.

A further development flowing from the consultations on the 1988 assessment rate schedule was the establishment of an inquiry into the board's classification and assessment procedures as they affect the logging industry. The inquiry team, comprising Jack Biddell, former chairman of the Clarkson Co., and Cliff Pilkey, former president of the Ontario Federation of Labour, will consult, and indeed are in the process of consulting, with logging industry representatives on their concerns and will submit their findings to the board of directors this summer.



Consistent with the board's resolve to encourage safety in the workplace and its wish to accommodate employers seeking greater equity in the collective liability funding system, the board co-ordinated the entry of seven new rate groups into its new experimental experience rating program, or NEER, effective January 1 of this year. This was based on a new framework for admission which was adopted by the board in 1987. There are now more than 33,000 employers in 17 rate groups participating in the new experimental experience rating program. A further rate group has already been approved for entry next year.

NEER was developed in 1984 in consultation with employers in the forest products and petroleum industries in order to address employer dissatisfaction with the board's 30-year-old voluntary experience rating plan. Employer criticisms related principally to the old plan's complexity and its lack of meaningful financial incentives to improve workplace safety.

The new program was introduced on the understanding that it was experimental and potentially subject to change in the light of practical experience with its operation. Until 1987, however, the program had only been amended once. Last year, a number of important modifications were approved to reduce the complexity of the formula used to compute adjustments to basic assessment payments, to enhance its equity and to upgrade its communications component.

The board then conducted dozens of information sessions with the employer community throughout the province on the operation of the program, and as I mentioned, assisted new rate groups to meet the terms and conditions for entry into the program in 1988 and 1989. This activity is ongoing. In fact, the board is currently discussing entry into the program in 1989 with a further six rate groups.

Subsection 91(4): In December 1987, the board of directors approved a new policy aimed at supplementing and reinforcing the commitment to improved health and safety performance exemplified by the experience rating program. This new policy involves the application and enforcement of subsection 91(4) of the act, empowering the Workers' Compensation Board to levy additional assessments against employers not taking sufficient precautions to ensure safe working conditions. The two-year program will be instituted on a pilot project basis covering some 500 companies with a six-month introduc-

tory period to familiarize employers with terms of the policy.

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While I have highlighted some of the major policy initiatives undertaken during the year, there were many other policy-program-related achievements that I might have added. These would include completion of the first phase of a planning and evaluation system to enhance development of health and safety education programs under the auspices of Occupational Health and Safety Education Authority; development of a training program in conjunction with labour and the Ministry of Labour, as well as with employers, with respect to the workplace hazardous materials information system and right-to-know legislation; agreement on the establishment of a board of direct investment committee and a new investment strategy for the accident fund; the launching of a publication called *Communique* reporting on issues considered and decisions taken at board of directors' meetings, and so on.

During the year, as well, the Peat Marwick Consulting Group was commissioned to conduct a comprehensive study on the growth of work compensation costs in the 1975-1986 period. Their report, which was made publicly available in September, established a systematic framework within which to analyse the cost trends to help quantify the relative contributions of various elements to the overall growth in costs.

After allowing for inflation and changing claims volumes, the report concluded that annual growth in benefits during the period under study was about 4.6 per cent per annum compared with a rise in administrative costs of only 0.5 per cent per annum.

I would like to conclude my remarks with a brief description and some comments on the board's recently announced medical and vocational rehabilitation strategies. I regard both as extremely important steps in setting the stage for improving the availability and delivery of quality rehab services to injured workers and in facilitating the early return of such workers to active employment.

Two months ago, the board of directors considered a proposal for a medical rehabilitation strategy characterized by a three-tiered approach to service delivery, consisting of a number of community-based clinics in conjunction with university-affiliated regional centres and a provincial institute. The objective of this proposal is to provide injured workers with appropriate

medical rehabilitation services close to the worker's own community.

In formulating this new model of service delivery to injured workers in the next decade, the WCB identified a series of guiding principles to govern any new structures. These principles emphasize the need for the increased availability of timely, high-quality, medical rehabilitation services, using the most advanced methods, delivered as close to the worker's own community as possible and integrated with other services in the overall provincial health care system. The need to draw a clear distinction between claims adjudication decisions and provision of medical rehabilitation services is also explicitly recognized.

The medical rehabilitation strategy was developed in response to the changing expectations and needs of injured workers, to developments in medical technology and to the recommendations of the review team commissioned by the Minister of Labour (Mr. Sorbara) to examine the programs and administration of the Downsview Rehabilitation Centre. The centre will play a key role as the new strategy is implemented and I would like to take this opportunity to commend the staff at the Downsview facility for their commitment and dedication over what has been a difficult time in the history of an institution that has done so much to assist injured workers.

Discussions are currently taking place, as the Minister mentioned, with the Ministry of Health and with other appropriate organizations and individuals to examine the feasibility and the implications of the proposed strategy, including conducting of a cost-benefit analysis. A report on the outcome of this exercise is scheduled for presentation to the board of directors within six months.

The board also initiated several pilot projects in 1987 to provide treatment and medical rehabilitation services to workers with musculoskeletal disorders. Nine clinics have now been opened in various localities across the province and preliminary results are encouraging. Pilot projects have also commenced in two clinics to test the concept of behavioural modification in the treatment of chronic pain conditions.

The board also entered into discussions in 1987 with a community group in Sudbury to establish an experimental medical rehabilitation program for injured workers who have not recovered sufficiently to return to work within 90 days of injury. A proposal for the provision of modified services on a pay-for-service basis was recently accepted by the board.

**Vocational rehabilitation:** The board's new vocational rehabilitation strategy is premised on a specific goal and that is to lessen the impact of work-related injury and disease by helping the worker re-establish, as much as possible, an earnings profile for his or her working life comparable to what it would have been but for the injury.

To achieve this goal, the board's new general approach to vocational rehabilitation involves, in order of priority, helping the worker, first, to return to the pre-injury job with the accident employer; second, to return to work with the accident employer in a job that is comparable to the pre-injury job; third, to return to work with another employer in a job that is comparable to the pre-injury job; fourth, to return to appropriate alternative work with the accident employer; or fifth, to return to appropriate alternative work with another employer.

This is the framework for a policy that also establishes new principles for vocational rehabilitation service delivery, with a new position of vocational rehabilitation case worker on the board staff, emphasizing the board's intent to work actively with the worker, the employer and the worker's physician in the rehabilitation effort; a new approach to social rehabilitation within the total rehabilitation context; and a process of monitoring and evaluating the effectiveness of this new approach.

A more detailed proposal built around this framework, accompanied by an implementation plan, will be presented to the board of directors this summer.

I would also like to comment on some ongoing programs.

Fifteen employment campaigns were conducted in communities across the province that year to promote the hiring of injured workers by local employers. The work experience opportunity and injured worker employment initiative programs were continued and also used to provide on-the-job training and new employment to injured workers within the board itself.

The board's work-site analysis and modified work programs continue to be promoted, and there was a concerted effort by vocational rehabilitation staff to liaise more closely with local communities through participation in local advisory councils.

In conclusion, while it may not seem so, my review of the past year's activities of the Workers' Compensation Board only touches on some of the steps that have been taken to improve the province's compensation system. For exam-



ple, I have not commented on the creation of a survivors' benefit system, the conversion of the WCB's computer system, plans for the establishment of direct deposit for pensions, a survey of the attitude of injured workers towards workers' compensation conducted by the board, new conflict-of-interest guidelines for board staff, a code of conduct for members of the board of directors, employment equity measures taken within the board, a new transportation policy, and so on.

All of this has taken place while continuing to maintain a responsible approach to the board's administrative budget. After allowance for inflation and the one-time implementation costs associated with the board's new Windsor regional office, the administrative budget for 1987 remained constant as compared with the previous year. The 1988 budget exceeds last year's only by an inflation factor of 4.3 per cent.

In retrospect, the past year has been one of great achievement. The organizational changes and developments now in place signal the board's intention to realize its commitment to provide improved service in a more personal and timely manner and to honour its obligation to its clients under the Workers' Compensation Act responsibly and efficiently.

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I have presented this summary—and as I pointed out, it is by no means complete—of the board's operations in order to make a few essential points. If there are systemic problems within the Ontario compensation system, we are determined to resolve them. If there are organizational inefficiencies, we will endeavour to correct them. If our policies no longer provide adequate guidance for our operational decisions, then we will review them, consult with affected clients and chart a new course.

**Mr. Chairman:** I suggest we treat this as a bill or a set of estimates and allow the two opposition parties to have a go. I just remind the committee that Dr. Elgie and Mr. Sorbara will not be before the committee tomorrow. The Workers' Compensation Appeals Tribunal will be here tomorrow, so we may have to discipline ourselves in the length of time we take.

**Mr. B. Rae:** I want to make it clear to my friends in the Conservative Party that I will not be taking all the time and will endeavour to share it as best I can, as well as with my other friends.

I just want to make a few general comments, if I might, and then I will have some questions for both Mr. Sorbara and Dr. Elgie. They may have some answers today, and if they do not, perhaps

they could provide them to me in the course of events.

The first comment I want to make is that differences with the government and the board are real. I think I have a very different perception of how injured workers continue to experience the board. It is from that perspective that I hope my remarks will be taken. I also want to say to both Mr. Sorbara and Dr. Elgie that I really do not think a pure and simple reform of the Workers' Compensation Act can deal with some of the problems I have encountered and that I sure many others have as well.

I would just like to say categorically for the record that I am convinced that a sickness and accident compensation plan that is comprehensive, that extends to people who are injured however they are injured, and that assures them of compensation as well as rehabilitation on a comprehensive basis across the province is essential.

Unless we do that, we are not going to be able to deal with the number of claimants who continue to be denied benefits because they allegedly have not had an accident. We are going to continue to ignore and not compensate individuals because the board has yet to find out their injuries are of a compensable nature. In particular, we are going to dramatically undercompensate people who suffer from occupational disease for the simple reason that the board, in its wisdom, feels it cannot establish a clear relationship between an occupational disease and an event that extends from the workplace. I am persuaded, in terms of what I have seen and experienced I have seen, that for us to change that will not solve these problems.

I hope some of my criticisms and comments will be taken in this light. I honestly think we have to reassess, at this stage in our life as a province, our whole approach to compensation. As I have said, I think we should be looking for a universal plan that provides for compensation and rehab to people who are injured or to people who are suffering from a long-term disability regardless of how that accident or disability was caused.

That is perhaps a subject for debate on another day, but I noted with interest that the Liberal Party, at its convention in Ottawa—among other things that I noted with interest—passed a resolution saying this was something that should be looked at. I might point out that the Liberal Party of Canada passed a resolution calling for a universal health plan in 1919 and it did not get implemented until 1968; so I am hoping v



ch that it will not take 50 years for this provincial Liberal Party to implement the kind of n which it at least discussed at its convention Ottawa very recently.

Perhaps I could focus particularly now on what ink the experience of many people is with the rd. The particular focus I want to place is on o or three major areas.

The first is on people whose claims are denied total from the very beginning because the rd fails to find an accident or because the rd feels that a connection cannot be made between the disability and an accident or an event a problem in the workplace. Because of the ticular form of this question, if I may, I would o to ask a number of questions and leave them h you for an answer rather than do a simple k-and-forth.

The first one is to look at the question of ers' claims, which Dr. Elgie referred to in his ort. I would like to have the number of claims have been accepted under the gold mining lung cancer claims.

The second point I would like to make—and a stion follows from it—is that in addition to the mber of claims that have been recognized, ether the board can tell us why it continues to ise to recognize a connection between other ns of cancer and exposure to gold mining. Dr. ller's study, as I am sure Dr. Elgie will recall, ws a statistical correlation or a statistical rmality in the incidence of stomach cancer ong miners. I think it is fair to say we still do ave any claim for stomach cancer recogd, neither in terms of gold miners nor of any ers at all.

wonder if Dr. Elgie could confirm that fact, in giving us those numbers, if he could pare those numbers with the estimated mber of deaths from cancer as they have been ented to the board. In other words, how y claims have you accepted and how many e you rejected?

Mr. Chairman, I hear the bells ringing. Do I e any time? Can we take five minutes?

**Mr. Chairman:** It is the division on Bill 116, northern Ontario heritage fund. Perhaps we ask the clerk to find out how long it is cipated the division will be. In the meantime, can go ahead.

**Mr. B. Rae:** All right, I will just go ahead. hat is, in a sense, the particular issue with ect to occupational disease that I want to le.

I guess my next basic question with respect to upational diseases is how the board intends to

deal with the growing number of claims, and I just say to the board and to the minister that, admittedly, no jurisdiction has been able to do it. It is not easy, but I think there is a troubling number of cases. Indeed, they would be in the hundreds. If one looks at Dr. Yassi's report, one would say even in the thousands. His estimate is some 6,000 people who die every year from an occupationally related disease. We have nowhere near 6,000 pensions being awarded or survivor benefits being paid.

Just how does the board intend to tackle this problem of the really major, on a statistical basis, undercompensation of people suffering from occupational disease? How does the board intend to deal with this?

Frankly, I would like to hear from the minister and Dr. Elgie as to whether they feel I am right to say that perhaps we are unfair to be expecting that the board will produce this money. If the board is not going to be producing this money, what kind of a plan could we introduce that would allow it to be paid? I know all the pressures on the board in terms of costs and I understand employers are going to be saying, "Don't ask us to pay for it if you have not even proved a statistical correlation between my workplace in 1962 and the fact that Joe Bloggs has now got cancer."

I guess the question then becomes one of, if the board does not pay for it and if the employers do not pay for it generally through an increase in their assessment, how do we as a society compensate those people and those families for that disability? As I say, the problem is not going to get any better; it is going to get dramatically worse, if we look at some of the troubling statistics in terms of the incidents of cancer and the ways in which cancer may be related to changes in the makeup of the workplace.

The second major thrust of questions I would like to ask has to do with my experience with the board. Again, one can identify a group of people who are generally undercompensated. Generally speaking, the people who are undercompensated are older workers who have a very difficult time getting back to work. If I may say so, my experience, and it goes back now 15 years, in dealing with the board has been that the board does a very good job, and I say this without hesitation, in dealing with a discrete accident taking place at a particular time in relation to the payment of partial benefits. In fact, I think the board does a remarkable job in terms of the speedy payment of benefits to somebody who is off work with a broken arm or a broken leg and for whom one can say, "You will be back at work

in two weeks or three weeks or a month or two months."

The more difficult problems—and where I think all members of the Legislature have cases coming out of their ears, and over a generation I have had more than a few—are those involving longer-term disability, permanent pensions and the problems of workers who need rehabilitation. This is the area where I would be most critical of the board. In saying that, I am also aware of the fact that Peat Marwick has identified in its report of September 1987 the two areas in which the board's costs were greatest in terms of its overall increase. This is in the cost study, of which I have only the summary report of September 1987.

They said the two areas where the board has particular problems with respect to controlling costs are precisely in the areas of payments of supplements—which you referred to, Dr. Elgie, in your report to us—and in the area of rehabilitation. I think it was this frustration with rehabilitation which lead to the—

I see that the chairman is about to throw his gavel at me, so I will just stop and say that I have a real problem with another commitment, in my riding, but I would like to come back if we can and focus on these two questions.

**Mr. Chairman:** Thank you. We have been given indication that the bell is 10 minutes or less and that we will be back here within 15 minutes, at which point we will continue. We are adjourned until then.

The committee recessed at 4:43 p.m.

1703

**Mr. Chairman:** The committee will come to order. We have disposed of the northern Ontario heritage fund.

**Dr. Elgie:** Defeated the government again, did you?

**Mr. Chairman:** There is no immediate election, and we will go back to the remarks by Mr. Rae.

**Mr. B. Rae:** I was saying before I was interrupted that my experience with the board has really been that the older worker suffers, particularly the worker with a permanent disability. I cannot limit it to the question of back disabilities, but I think we are all aware that chronic back problems are probably the hardest cases we have to deal with, and basically the undercompensation of the older worker with a permanent partial disability remains the most persistent problem of undercompensation, I would suggest, in the current system.

I would add that I share the unhappiness of Mr. Majesky and Ms. Minna with the rehabilitation efforts of the board. I must say I share also Mr. Majesky's sense that the board's response so far and I might add the government's response to report, has been inadequate and that we need a new law to deal with the rights of workers rehabilitation and with the right to reinstatement.

If I could return to some particular question I know Dr. Elgie says subsection 45(5) has been misunderstood. I do not think it has been. I think the board, if I may say so, without being required to by any court or any tribunal, on the basis of its own legal opinions, decided to cut back in the granting of supplements under subsection 45(5).

I particularly would like to know, under new reading and interpretation of the application of subsection 45(5), how many supplements have been granted and how many have been refused, and I would like to know how that number compares with the position prior to November 9, 1987.

I might add that at my young age I think am too young to become paranoid, but I might point out that it was shortly after the release of the Peat Marwick report, which talked about the fact that pension supplements and vocational rehabilitation were two areas where the board had to step things under control, that the board's first response took place, some short two months after the Peat Marwick report. It related directly to the question of supplements.

I have a few other things I would like to say in response, particularly to Dr. Elgie's report. I may say so, without being too scathing, that even though I disagree with it, I at least find it slightly more substantive than I do the comments made by the minister.

In relationship to chronic pain, we have the cases—or 15 depending on who is counting—which are still outstanding. When can we expect a decision from the board with respect to those outstanding cases?

That takes me on to section 86n. I must say I am as troubled by this section of the act as I am by any, because it does take away from the ability of the Workers' Compensation Appeals Tribunal to make independent decisions. I am particularly troubled. This perhaps is a good point for me to turn to this document, which came into my hands and which we have been rummaging through some time. It is entitled Proposed Changes to the Act, November 1987, which the minister said the House today was a low-level document.



duced by some low-level official in the board.

**Dr. Elgie:** He didn't say that.

**Mr. B. Rae:** Yes, he did. I do not know whether that means it is somebody who will be at low level tomorrow or whether at some subsequent time. I have no idea.

**Mr. Wildman:** Or whether he was talking about their character.

**Mr. B. Rae:** I do not know. First of all, I would obviously like to know the status of this document and how it relates both to the board's and the government's plans for amendments to the act. We have had a minister say on the record that he is planning some amendments to the act to deal with Weiler and pensions and to deal with rehabilitation. It would be nice to know what the relationship of this document is to that particular review process.

One of the things that troubles me here is that recommendation that is contained in this document is that they are recommending that section 86n be amended to make it clear that the board of directors' determination is binding upon WCAT. In other words, they do not think the wording of section 86n is strong enough. In fact, they want it to be even stronger in terms of the board's power to overrule WCAT.

I am, to put it mildly, very troubled by that. I would like to see section 86n amended by being blown out the window. I do not have the troops or the momentum to make that happen, but I still think it is necessary. What is the status of this document overall, precisely when can we expect amendments to the act and what subject areas do they cover?

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**Hon. Mr. Sorbara:** If I could just reiterate what I said in the House in clearer and more precise terms, there is absolutely no relationship between that document and the legislative amendments I hope to bring forward later on in the spring session, absolutely none whatever.

**Mr. B. Rae:** OK. What will the amendments be planning to bring forward cover, what subject areas?

**Hon. Mr. Sorbara:** On that, I think I just want to point to the answers I have given in the House and the statements I have made publicly. Fortunately, the member will have to await the presentation of the bill for detail. It is in the course of my speech. I have said on a number of occasions that I hope to bring forth amendments to deal with permanent partial disability, with the issue of vocational rehabilitation, with the

issue of reinstatement and some auxiliary matters.

**Mr. Miller:** You are going to have to be patient.

**Mr. B. Rae:** I have lots of patience. I have even more constituents who are waiting. I don't need any more clients.

OK. That gives us something to wait for in any event. We still do not know, I guess, whether those amendments will be tabled in time for us to be discussing them this summer?

**Hon. Mr. Sorbara:** I cannot really say. I do not control the agenda of the House. I do not know how long parliament will be sitting into the summer. My expectation in terms of timing is to present a bill in the latter part of June. I cannot say that is going to happen, but that is the timetable I am working on.

**Mr. B. Rae:** I will turn to the rehabilitation problem, both with respect to medical rehab and vocational rehab. Again, I have some questions for Dr. Elgie. What is the average case load now of a vocational rehab worker, how many permanent pension cases did the board place last year and how many does it expect to place this year? I ask these questions because—again, I do not want to be uncharitable—we have heard the rhetoric of the board's policy, which is very general, and I think all of us would say that sounds great.

I guess what my experience is in dealing with the vocational rehab branch and the frustration I and my constituency assistants have is that when we deal with it on a case-by-case basis, it takes for ever. Frankly, the workers who are there are so dramatically overworked in terms of the volume of their case loads that they are unable to provide the vocational rehab response we need. I just state on the record that unless the act is changed to deal with this question of rights to employment and rights to reinstatement and unless the act is reworded so that the discretionary power of the board is no longer discretionary, but there is a commitment and a requirement that the board will, in fact, offer vocational rehab services, we are not going to make the progress we need.

One final point I would like to discuss and just get some clarification on from Dr. Elgie is the question of medical rehab and the status of Downsview. I take it that when you talk about a discussion, all you can tell us is that discussions are currently taking place with the ministry. I will just make one comment and then perhaps elaborate a little bit.



I think it is very troublesome, to put it mildly, that there are probably more doctors out there who are experts in sports-related injuries than there are doctors who are knowledgeable in the area of occupational disease and occupational rehabilitation, and that the mandate of the board has been confined to Downsview. I would very much like to see it extended into the community and, in particular, would like to see it extended into our university community so that we have a consistent strategy that looks at medical schools, that looks at medical training, that looks at a new attitude to the importance of occupational health and safety and gives it overall a higher priority than it now has with respect to medical rehab. I can personally see Downsview playing a critical role in that formulation.

I think the criticism of Downsview has been focused on the fact that it has always been experienced by injured workers to be a place where you go to get cut off, as one of my constituents once put it to me. I asked, "Have you been to Downsview?" He said: "I don't want to go to Downsview. That's where they send you when they want to cut you off." I think that is sort of the word on the street about what the problem with Downsview was.

If we separate out entitlement from rehab, which is, as I understand it, an important thrust of what you are trying to do, that is an important advance. But again I would stress that, unless you have a comprehensive strategy to deal with the expertise that is there, which you do not want to lose, and at the same time to ensure that it is diffused and, I might add, make sure that it is in the communities where people can have more access to it, that seems to me to be the direction in which you should be headed.

Finally, I just say to the minister and to Dr. Elgie that, every time I think things are getting better, I come up against a case like Mr. Ianuzzi's which I heard about last week. I asked him to come in and see me, a 63-year-old worker from Toronto Refiners and Smelters whose blood levels for lead, even after being out of the workplace for four years, are four times the acceptable level. I raised this case with the minister and in fact the minister met him in the hall yesterday. He is 63 and he has just been told that he is going to get cut off permanent partial as of June 6, 1988, and the board has, according to my information, no plans to award him a permanent pension.

**Dr. Elgie:** You mean temporary.

**Mr. B. Rae:** He is going to be cut off temporary, and that is it, nothing on rehab.

He has been told he has to go find a job. I'm not getting any help from rehab and he is going to get a permanent pension. Again, I think that like a lot of case workers, in much of what I say I am talking like a case worker because ultimately, that is what all of us as MPPs do. You can make all of the improvements in the system that you want, but if people keep falling through the cracks, you are going to have the problem and so are we.

I would just bring that case to your attention as an example of an older worker with a permanent disability who is a classic case of somebody who just has not been well served by the board. I think very much that we can make the changes in the law—realizing they are not going to happen tomorrow, but also feeling very strongly that they have to happen—so that people like Mr. Ianuzzi will get compensation. I know that my colleagues will have some questions, but that is enough for me for the moment. Do you want to comment?

**Mr. Chairman:** Do you want to respond now? Can you stay, Mr. Rae?

**Mr. B. Rae:** I have to go soon. I have several appointments in my constituency office, many cases, but if you can give it to me in a few moments in terms of—

**Dr. Elgie:** I would be pleased to because you have raised some good points. In your general comments, you talked about the fact that, as long as we have a work-related test, we will have people who fall through the cracks because they have occupational illness or disease or consequences of an accident that are not related to work, and that is true. The issue of a comprehensive sickness and accident plan was one that all legislators will have to face.

There is no doubt that the point you are making about occupational disease in the workplace being a very difficult problem is a very valid one. The reality is that it often appears many many years later. In the case of the gold miners, we are looking at some—what?—40 years. It has taken since 1945 to mount an epidemiological study which has resulted in the compensation of gold miners who, by and large, are now all dead, and there are many surviving widows whom we have to be able to compensate.

But it is a difficult problem because, at the time, there was no doubt they had cancer, there was no doubt that they were suffering a disability from it and there was no doubt that it was impacting on their lives, both monetarily and otherwise. But compensation must await, and

present scheme, studies that relate it to the workplace.

On the other side of the coin, we have employers who do not know for 40 or 45 years the circumstances in the workplace led to that occupational disease. They have no way of going back to correct the situation that brought it about, and they are faced with the assessment rate increases that pay for the costs. For example, in the case of gold miners, we estimate that it will cost something in the neighbourhood of \$35 million. There are some protections built into the system in that there are certain maximums that relate to assessment rate increases from situations like this. Nevertheless, over the long run, today's employers will pay for what happened many years ago, and those who suffered, by and large, are not here, but many of their widows are.

You have raised a number of questions and I would like perhaps to respond to many of them in this forum, but you did raise one that is close to my heart. You said there are more doctors interested in sports medicine than there are in occupational disease and rehab. I think that is true. It was about a year ago now that the dean of medicine at the University of Toronto, at my request, invited me to join the Council of Ontario Faculties of Medicine to discuss this very issue with him.

A task force was established by the deans to determine what ways and means might be introduced to improve the knowledge base of medical students in the area of occupational disease and to improve the knowledge base of those doing post-graduate training in that area. I advised that many of the medical schools now have commenced to take steps to improve their faculty in the area of occupational disease, and I think that is a very important step.

I think it will be helped by the fact that this year, in September, is the first year that there will be formal fellowship exams in the area of occupational medicine. I think the impetus that is coming from the medical schools, plus the Royal College of Physicians and Surgeons of Canada, in establishing a fellowship in occupational medicine, should greatly enhance the knowledge base out there in the community.

That still does not solve the problem of better recruitment of physicians in communities today without occupational disease. That certainly is an area that needs another day and needs some other activity to work on.

Many of the questions you have asked require the review of data. I would be pleased to do

that and, if it is suitable to you, I will get in touch with you.

**Mr. B. Rae:** Yes. Could I just warn the minister there is one other set of questions that I would like to deal with. To the chairman, there is also the question of the Industrial Accident Prevention Association and other industrial accident associations and whether there are any plans in the works for some revisions with respect to worker participation or whether there is some other model of administration of health and safety that the government or the board has in mind.

**Hon. Mr. Sorbara:** Yes, I would be interested in that discussion. I am not in a position to discuss in detail what the government's agenda might or might not be. I know that Mr. Rae has to leave very shortly, so I want to make a few comments and we will continue this at a later date.

I am glad that he was aware of certain discussions that were going on at my party's convention a few weeks ago. It is interesting what he says about a universal accident and disability system. Obviously, there are great attractions to that. I know that you yourself, Mr. Chairman, were making comments about the program in New Zealand.

But we should know that the grass is not necessarily always as green on the other side of the fence as it might appear to be. In fact that system, although perhaps it may be—who knows?—more appropriate than the system we have right now, does not, for example, deal with occupational disease at all. It is severely limited in that regard.

It also has its problems of funding and its administrative problems, and it gives rise to a great deal of complaints, not that perhaps that is not the future. I cannot really comment within this context on what the future will be like in terms of appropriately compensating people who suffer sickness or disease in our society and what the perfect model would be.

I simply tell this committee that my approach as minister is this: There is an important degree of separation between the gentleman sitting to my left, that is, the board, and its responsibilities administratively and my duties as minister. Dr. Elgie in his remarks did not identify a major program of reform. He talked about what reforms had been made and, by and large, the government supports those reforms and is enthusiastic about the directions that the board is taking in administering more effectively to the province.



It is my view that there are a number of reforms in this system of compensation that need to be made, but my approach as minister has been, is, and I think will continue to be, to approach reform on the basis, as I have said before, of digestible chunk by digestible chunk. There are a number of issues that this government is going to have to grapple with in the future, and my approach is to deal with those one at a time.

That is why I have said we are going to come forward with a series of legislative amendments. They will not answer all the concerns. They will not perhaps deal with things like occupational disease which, as the chairman said, are very troubling. I think I can be frank with you and say that we do not have any magic answers yet, although I am happy with some of the progress that has been made in a number of different quarters, including the Industrial Disease Standards Panel and some of the directions in which the panel indicates it may want to go.

I am very sympathetic to what the Leader of the Opposition (Mr. B. Rae) has said about undercompensation, particularly undercompensation of older workers. Although one has to have a system that is governed by rules, regulations and procedures, the magic of the system will be that the system and the administration of that system can be sensitive to the particular needs of a particular individual living under particular circumstances and having suffered a particularly unfortunate set of circumstances.

As I approach the business of reform, I tell the committee that I really do try to keep in mind, on the one hand, that we have to have a system that is governed by procedures and all of that but, at the same time, that we very much need a system that is individually sensitive to the realities of individual cases.

I expect that Dr. Elgie, in his role as chairman, will respond more directly to the substantial issues of how many people have and how many people have not. That is not really something I am charged with in my responsibilities, but the direction I am going in is for a better and better system, and it is going to take some time.

The Tory critic not being here—

**Mr. Chairman:** He is speaking in the House.

**Mr. Wildman:** I imagine Mr. Pope will be back shortly, but I would appreciate it if I could follow through with some questions.

I would like to concentrate on the relationship between the Workers' Compensation Board and the ministry and I would like to direct some questions to the minister. I am particularly

interested in his comments about reform digestible chunks.

I would like to refer to a particularly indigestible chunk, which was the one mentioned by the leader related to subsection 45(5) and the changes that were made there. First, I would like to know what input the minister and the ministry had into the significant changes implemented on the board on supplements.

**Hon. Mr. Sorbara:** I am not sure if the member has specific questions about input from the ministry. I am not sure if he is suggesting that in the interpretation of a statute, where the board is charged with the responsibility of applying that statute determines upon its own investigation that the appropriate interpretation of the statute is something other than the way it has been interpreted and has been applied to the client group of the board, for some reason or other in the ministry, the minister or the government should say, "We feel you should not be doing that."

We are a society that has chosen, appropriately, to live by the rule of law and the appropriate interpretation of that law. Obviously, one of the things that as a government we would have to consider, if we believed that subsection 45(5) as currently being applied was not the way government wanted the policy to be implemented, is whether to proceed with legislative amendment.

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We had a great deal of discussion between the board and myself and my ministry staff. That discussion was, in effect, a review of the analysis that the board had within its own shop so that, between the minister and within the ministry, we could satisfy ourselves that the interpretation that the board was proposing to adopt was the appropriate one. But it was not, I tell my friend, a matter of political bartering, which is not good for us as a matter of politics. So we do not want you to interpret the law on that basis.

**Mr. Wildman:** No, I am interested, of course in the fact that, in November 1987, the board introduced a reduction in supplements available to injured workers with permanent pensions who are co-operating and are available for retraining programs. But then, in early 1988, the board decided to continue to pay workers who were receiving supplements prior to November 1987, under the old, more generous, policy and thus treat two sets of workers differently.

I would like to know, in your discussions with the board on this interpretation, whether the ministry or the minister himself indicated that the ministry supported this approach with regard



ered workers and rehab, whether it be medical or vocational or not.

**Hon. Mr. Sorbara:** In respect to subsection 45(5)?

**Mr. Wildman:** Yes.

**Hon. Mr. Sorbara:** No. As minister, I did not state at any time that we either supported or did not support the board's interpretation and application of subsection 45(5). It is the statutory responsibility of the board to interpret and apply the act. Because it was a matter of important public interest, I had discussions with the board as to become fully conversant with its understanding of what it was doing and its analysis of subsection 45(5). But at no time did I suggest that the interpretation was right or wrong. That is not my responsibility; it is the responsibility of the board and appropriately so.

**Mr. Wildman:** OK. Then basically what you are saying, through the chair, Minister, is that your discussions made you aware but that you did not comment on whether it was acceptable or unacceptable in your view to take the decisions that were taken with regard to the supplements under subsection 45(5).

**Hon. Mr. Sorbara:** I do not have any comment to make on that. I agree that it is the obligation and the responsibility and jurisdiction of the board to interpret and apply the act. The appropriate forum for a determination as to what is the correct legal interpretation of subsection 45(5) would be a court of law. It may well be that a court of law will review the board's interpretation and make a final legal interpretation of subsection 45(5). But it would be inappropriate for me to say that I agree or disagree with it.

**Mr. Wildman:** Certainly it is appropriate, although, for the minister in considering amendments to the act, to determine whether or not he thinks this is appropriate and to determine whether or not the act—if the minister accepts that the board has interpreted the act correctly and does not agree with what the board has done to change the act.

**Hon. Mr. Sorbara:** There you are into a whole other area of discussion, Mr. Chairman. If the member is asking me whether I am concerned about the fact that some people who are receiving pensions as a result of permanent but partial disabilities are undercompensated under the present system, I would say to him, "Yes, I am

concerned about that," and that does impact on the application of subsection 45(5).

It may well be that we are able to address some of those problems of undercompensation in the legislative package. I cannot tell you that with any security right now, but I am concerned. I am not concerned that the board has overstepped its jurisdiction or somehow not appropriately fulfilled its statutory obligations by announcing a reinterpretation of subsection 45(5).

**Mr. Wildman:** I have a couple of questions for Dr. Elgie that follow up on the comments that were made by my leader. I do not know whether he can give us the information now. Do you know how many workers have received supplements under subsection 45(5), according to the November 9 policy, and how many workers have continued to receive supplements under the more generous, pre-November 1987 policy?

**Dr. Elgie:** We should shortly have some of that information available for you. If I may, I might just make two or three comments in this area. First, may I say that the issue of the correctness of the board's interpretation of subsection 45(5) is an issue that is presently before the Workers' Compensation Appeals Tribunal, and I know is being argued. The member will therefore understand that there is some reticence about getting into strong opinions on the issue, since those will be discussed in detail at those hearings.

**Mr. Wildman:** I did not ask Dr. Elgie for his opinion. I just asked him for some numbers.

**Dr. Elgie:** If that is all you want, then I said we will have the numbers shortly.

**Mr. Wildman:** I am not trying to cut you off.

**Dr. Elgie:** You do not want to hear about that issue.

**Mr. Wildman:** I am not trying to cut you off on that. It is just that I realize we do not have a lot of time here.

**Dr. Elgie:** Quite right.

**Mr. Wildman:** OK. I would like to ask the minister on one other area, specifically on vocational rehabilitation. I know the minister mentioned in his leadoff the report of Ms. Minna and Mr. Majesky. I would like to know, as this was a report commissioned by the ministry rather than the board, did the ministry respond to the task force report, and if so, in what way?

**Hon. Mr. Sorbara:** The member is right. My predecessor did commission that study. The study has been the subject of a great deal of discussion. A number of people have relied on

the study to point up some of the current weaknesses in vocational rehabilitation within the board. Others, I tell you quite frankly, have had some rather substantial criticisms of the report. To take the report at its face value, I think it did make some very important points; I think it left out some very important issues, as well.

The ministry's and the government's response can only be by way of legislation or regulation. Our relationship to the Workers' Compensation Board is, in some sense, that of a reporter to government and to the Legislature, and obviously, as the instrument through which policy changes come about.

We are considering what the report has said as we consider legislative amendments to the Workers' Compensation Act. It is important to point out, though, that many of the recommendations of the Minna-Majesky task force report dealt with administrative matters wholly within the competence of the Workers' Compensation Board. Others, in fact, are completely outside of the administrative competence of the board.

I report to you, as the board has reported to me, that a good number of those recommendations have already been implemented by the board. That is not to say that everything that needs to be done on vocational rehabilitation has now been done. I think we all acknowledge that far more needs to be done and that as a government, our policy has to be to effect faster and better reintegration of injured workers into the workplace. That is very easy to say, but in the case of individuals, real, live human beings who have had the tragedy of a workplace injury affect their lives, sometimes it is not very easy; sometimes it is very difficult. It is fascinating how quickly, within government, we can say, "Vocational rehabilitation; just use it."

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We have looked at the experience of some other provinces that are experimenting in that area and their results are mixed, as you can well imagine. We are determined to do more. I think in that regard both the government and the board are singing from the same hymn book. But it would be foolish to expect that the system, whether through government policy initiatives or by some administrative changes in the board, could instantly become a world leader in the area of vocational rehabilitation. It is challenging for every jurisdiction that tries to do it. One never has the kinds of success rates one would want, because again you are dealing with real live people with very real problems that do not have

answers which can simply be looked up in a rehab manual.

**Mr. Miller:** You mentioned that there were 5,289 injured workers back in the workplace. How is that compared to last year and maybe the last couple of years? Is that moving up?

**Hon. Mr. Sorbara:** I do not have the precise numbers for that, but my recollection is that the numbers are higher this year than last year. There are, of course, more clients of the board this year than last year. That is unfortunate. That means there are more injuries in the workplace. It also reflects the rather dramatic increase, year over year over the past three or four years, in the Ontario workforce. There are a lot more people working. Our unemployment rate is dropping rather dramatically. In many cases, these are new entrants to the workforce. The chairman would correct me if I am wrong, but I think the incidence of accidents is higher among new entrants into the workforce.

**Mr. Miller:** I would like to make a comment on our own area, where a trucking firm, Slattery, has taken on a paraplegic, a young chap who was a truck driver, and he is now dispatching. They are putting in facilities so he can get access to the office. I believe they have taken on two people within the last few months. There is an area that we try to work with in our constituency to get these people back into place.

The other area of interest is that within the Workers' Compensation Board itself, have you taken on new employees and provided opportunities to use their expertise to get other people back into the workforce? Has that been on the increase?

**Hon. Mr. Sorbara:** I think the question should be appropriately answered either by the chairman or vice-chairman.

**Dr. Elgie:** You are talking about two sets of figures really. We have employment activities—hunting for job opportunities—going on at all times during the year, but in 1987 we also ran employment blitzes, which are week-long campaigns. As a result of those combined activities, as the minister mentioned, something over 5,000 jobs were identified as jobs that workers might be placed in. Something in the neighbourhood of 2,000 were placed in those jobs.

Those are jobs that flow from that particular type of campaign and activity. Overall, there is something in the neighbourhood of over 5,000 employees who return to work either through rehabilitation activity or out of a job-training or other form of education program, or they go directly into work.



about going through that type of placement activity, or they go to a job they have found on their own or they return to their former employer. In any instance, the overall statistics in Ontario show that close to one half—really about two out of three—will return to their own employer and that is included in the overall figures.

In general, the number of workers who return to employment has shown a steady increase in the program, but not as much as we would like, and I think an improved vocational rehabilitation program can heighten those figures. About our own hiring, can you give us some sense on that, Dr. Wolfson?

**Dr. Wolfson:** I do not have the precise figures but I think an illustration is in the opening of our Windsor office. We have a very aggressive remedial action program to hire injured workers within the board itself. When we opened the Windsor office, a little in excess of 10 per cent of all the new people hired were in fact injured workers.

**Dr. Elgie:** When the decision was made to set up the four new regional offices, we approached the Ontario Human Rights Commission and got an approval for an affirmative action program with respect to injured workers in the regional offices we were opening. As a result of that, in each of the regional offices, of the new hiring that took place, something in the neighbourhood of 10 per cent, sometimes eight or even, sometimes 11 or 12, but something in the neighbourhood of 10 per cent of workers newly hired were injured workers. So we do make an effort to hire injured workers.

**Dr. Wildman:** The minister made reference to the fact that the board has indicated that for the majority of the recommendations of the report on injury to One is an Injury to All, which made recommendations, the board has implemented most of them.

Clearly he is also aware that there seems to be a significant difference of opinion between Dr. Elgie and Mr. Majesky on the score. I understand Dr. Elgie has indicated that about 85 per cent of recommendations were acceptable, in the general thrust at least, but Mr. Majesky in his media conference stated that the new approach of the board in effect rejects 73 of the 84 proposals. There obviously is a major difference of opinion. I would like to know what discussions, if any, the minister has had with Ms. Minna and Mr. Majesky as to their view of the board's response to the report.

**Mr. Sorbara:** Mr. Chairman, first of all I have had very long, and I think interesting

and effective discussions on the task force report with Ms. Minna, with Mr. Majesky and with the task force members as a whole. They spent a lot of time and gave a lot of themselves in preparing that report.

I really do have to say, though, with all due respect to Mr. Majesky, that his analysis of how many of his recommendations have been implemented by the board—already by the board, as administrative matters—cannot possibly be based on his personal analysis because he is not running the board. He does not know what changes are being made within the board.

With respect to him, his comments about whether the recommendations the task force made are being implemented or not were based on a very quick review of the board's future strategies towards vocational rehabilitation, which do not enunciate particular steps to be taken but describe a framework within which to achieve the very objectives that highlighted the task force report: early intervention; a more holistic approach to dealing with the individual plight of individual workers; and community-based approaches that help injured workers solve their vocational rehab problems within their communities.

I have a very great deal of respect for the co-chairpeople of that task force report and for the work they did, but the suggestion that the board is ignoring the report is simply inaccurate, and I think unfortunate.

**Mr. Chairman:** Mr. Wildman, two points: One, I wonder if you could make sure you leave time for a question from Mr. McGuigan, and second, this might be a good time to break in and ask the committee to look at the schedule of witnesses before the committee.

On Monday, we have scheduled the office of the employer adviser. We checked with Mr. Mandlowitz and he would be quite prepared to share that afternoon. You will notice that the rehab division—that is not the right term any more, I guess, with the board—is not scheduled on here anywhere and there are a lot of questions being raised about rehabilitation. I wonder whether or not the committee would like to have the people who run the rehab division at the board appear before the committee, if that arrangement could be made on such short notice.

**Dr. Elgie:** Do you want me to inquire?

**Mr. Chairman:** It does not necessarily have to be a formal presentation.

**Dr. Elgie:** Elizabeth, do you think that can be arranged?



**Mr. Chairman:** It does not have to a formal presentation; simply to answer questions.

**Dr. Elgie:** Dr. Kaegi will arrange to—

**Mr. Chairman:** Is it agreed by the committee to do that?

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**Dr. Elgie:** Could you give us an idea of timing? When you—

**Mr. Chairman:** We will hear from Mr. Mandlowitz first. So that would be roughly—

**Dr. Elgie:** Well, that will take two hours at least.

**Mr. Chairman:** He assures us not.

**Hon. Mr. Sorbara:** For the opening comments.

**Dr. Elgie:** For his opening remarks.

**Mr. Chairman:** No. Perhaps around 4:30 p.m., then, till the end of the day, till 6 p.m.

**Dr. Elgie:** OK.

**Mr. Wildman:** I would like to also refer to section 86, which was mentioned by my leader. If I can just close off with a couple of questions in that regard. First, to the minister, does the minister think it is fair to leave injured workers without benefits for lengthy periods because the WCB is reviewing their successful appeals to the Workers' Compensation Appeals Tribunal?

**Hon. Mr. Sorbara:** There is a lot of discussion that has taken place on section 86n and whether it is appropriate or inappropriate. I recall that at my first meeting with the chairman of the Workers' Compensation Appeals Tribunal, I had the benefit of a description from the chairman as to how the appeals tribunal functioned, as to its interrelation with the policymaking function of the board and the effect of section 86n.

As I recall, the chairman of the Workers' Compensation Appeals Tribunal felt that it was a very important component in the policymaking structure within the board. Obviously, the ultimate policymaker is the government of the province.

**Mr. McGuigan:** Can I ask a question?

**Mr. Wildman:** Do you want to ask the question now?

**Mr. McGuigan:** I can wait.

**Hon. Mr. Sorbara:** Since that time, I have had a number of people suggest to me that changes in section 86n need to be made. I do not have a clear opinion on that at this point. I have told the Leader of the Opposition (Mr. B. Rae) that, in my view, it is something that would have

to come up for consideration later. It is something I would consider including in the package of reforms. Frankly, I would want to hear a lot more about the appropriateness or inappropriateness of section 86n.

I should say that the issue of adjudication policymaking is of concern to me. I think we need a system which has clear policy that is responsible for administering the system can be put upon. I know the interaction of the tribunal with the board through section 86n is one that we should think, recommended—correct me if I am wrong, Mr. Chairman—by Paul Weiler in the report he made several years ago, and has a great deal of merit to it. It may not be the perfect system, but I do not know. Fortunately, I am not in the position to have to deal with that issue within the next few months, but I take the member's concerns seriously and the concerns of the Leader of the Opposition. We may differ, ultimately, on the view as to whether there should be a section 86n, but for now the reality is that it is there and the system will continue to use it.

**Mr. Wildman:** I think there are really three issues there: number one, whether section 86n should be there, that would allow for the board to review the decision; the other question is whether workers should, after making a successful appeal, remain without benefits.

**Mr. Chairman:** Will you allow a supplementary question from Miss Martel?

**Mr. Wildman:** I would just like to ask one other question and then I will close off completely.

**Miss Martel:** I just have a supplementary question.

**Mr. Wildman:** OK.

**Miss Martel:** I would like to ask the minister how long workers and the rest of us are supposed to wait, then, before we get some decision on section 86n. I will give you an example. My constituency office recently won an appeal with the WCAT concerning white hand syndrome, and we were able to lower the levels to a level which is much lower than the present policies allow for. We had Dr. Peter Pett from the Ministry of Labour, who came and testified on behalf of our worker at that point, introduced a whole new series and a whole new scale, called the Stockholm scale, which allowed us to win that appeal.

Now, we all know that that has set a precedent and as sure as shootin', that is going to be reviewed because there is no way the board is going to allow that decision to go through

in terms of that, which is coming, and in terms of the 14 workers now who won chronic appeals who are still waiting for money, how long do we wait before we get some decision on what is going to happen in terms of that on?

**Mr. Sorbara:** I cannot tell you how long are going to have to wait but I am sensitive to the whole issue of delay in the process. I think the reality is that your constituent waited a very long time before his or her case was heard by the tribunal. That is something that I take note of and I am terribly concerned about. I think your constituent waited a terribly long time before the appeals tribunal to render its decision.

Some of my constituents complain to me that the tribunal is taking 18 months to two years to make a decision after a case has been heard. I have a great deal of concern about that. I would not like to say that we simply will change section 130 because of issues of delay.

There is too much delay in the system and I acknowledge that; I hope to direct some of my attention to that in the future. But I do not think it is a sound argument for saying that the board should not have the capacity through section 130 to review a decision of the tribunal that is on new ground in terms of any matter of public policy.

**Mr. Wildman:** My question is this: notwithstanding delay, does the minister believe that the Workers' Compensation Appeals Tribunal can make decisions independently if it knows those decisions are subject to review by the board?

**Mr. Sorbara:** The answer is yes.

**Mr. Wildman:** Well, I would like to know

**Mr. Chairman:** Mr. McGuigan wanted in on this question.

**Mr. McGuigan:** This is for both the minister and Dr. Elgie. There have been injured workers coming into my offices, and I have three in Kent, saying that they have been sent there to the workers' adviser. I thought the adviser was supposed to take over from us and not the other way around, but these people are coming in saying that the adviser told them to come to us. I wondered if you are aware of that.

**Mr. Wildman:** They are supposed to advise workers who don't have advice, but if they already worked with you they have advice.

**Mr. McGuigan:** No, these are people that do not come to me, but have gone to the adviser and the adviser tells them to come to us.

**Dr. Elgie:** Good question.

**Hon. Mr. Sorbara:** It is a good question. It is a good question to end the day on. I think probably it is appropriate for me to answer that question because of the way in which the act is designed. This is a case where the office of the worker adviser and indeed the office of the employer adviser is under the jurisdiction of the ministry and therefore under my jurisdiction, although it is funded by assessments made by the Workers' Compensation Board.

The member raises another issue that is of some very significant concern to me and that is the backlog of cases before the office of the worker adviser. I am told coincidentally, Mr. Chairman, that the office of the worker adviser does not have any backlog at all.

**Mr. Chairman:** Employer.

**Hon. Mr. Sorbara:** I am sorry. The office of the employer adviser does not have any backlog at all. It is an interesting comment made by the director of that office.

I do not have any immediate solution for the member. I am not sure that it is appropriate to say that the office of the worker adviser is there to relieve the individual MPP of the traditional advocacy work that he or she has traditionally done on behalf of injured workers.

On the other hand, I am not particularly delighted with a system where MPPs have to have an ongoing case load of anything, whether it would be for the Ontario health insurance plan or for, I do not know, whatever tribunal or branch of government or emanation of government or system of government that is there.

I think the fact that MPPs have case loads generally says that the system is not working absolutely perfectly. Now this system is not ever going to work absolutely perfectly. I simply can tell the member that I would hope that over the next years, as we approach reforming a system and making it more effective both through statute and through reforms administratively within the board, that we would develop a system where it was not as crucial that 130 MPPs within the province have a workers' compensation case load.

## 1800

Work needs to be done, as well, in the way in which the program of the office of the worker adviser is delivered. It is, I acknowledge to you, too far backlogged. Injured workers are being referred back to their MPPs, in some instances, because the case load at the office of the worker adviser is just too large and the worker is simply

not willing to wait for his case to come up at the office of the worker adviser.

It is an area that I hope to be able to grapple with over the next few months. I do not have the solutions now, but you can be darn sure that I am looking for them.

**Mr. Chairman:** I think that is an appropriate point at which to stop.

Just as a point of information, I can tell the minister that I represent a lot of miners and people who work in the forestry industry, and to this day 75 per cent to 80 per cent of all my constituency office time, with two people, is

spent on workers' compensation problems. cannot say no. The office of the worker adviser does, in fact, say no. It may not say the word "no," but it says "18 months," which is tantamount to saying no. The problem is serious.

All right. Thank you for coming to committee this afternoon, Dr. Elgie and the Minister.

**Hon. Mr. Sorbara:** Would not have missed for the world.

The committee adjourned at 6:01 p.m.

### ERRATUM

No.	Page	Column	Line	Should read:
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Chairman: Laughren, Floyd (Nickel Belt NDP)

Vice-Chairman: Wildman, Bud (Algoma NDP)

Cowan, Michael A. (Algoma-Manitoulin L)

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Crawford, Frank (Kenora L)

Crawford, Gordon I. (Norfolk L)

Crawford, Douglas J. (Lanark-Renfrew PC)

## Substitution:

Crawford, Shelley (Sudbury East NDP) for Mrs. Grier

## Also taking part:

Crawford, Alan W. (Cochrane South PC)

Crawford, Bob (York South NDP)

Crawford, Bud (Algoma NDP)

Crawford, Decker, Todd

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Crawford, Merike, Research Officer, Legislative Research Service

## Businesses:

## From the Ministry of Labour:

Crawford, Hon. Gregory S., Minister of Labour (York Centre L)

## From the Workers' Compensation Board:

Crawford, Dr. Robert G., Chairman

Crawford, Dr. Alan G., Vice-Chairman of Administration and President











No. R-8

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**

Thursday, May 26, 1988

Speaker: Honourable Hugh A. Edighoffer

Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, May 26, 1988

The committee met at 3:37 p.m. in committee room 1.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** The standing committee on resources development will come to order. As we consider the annual report of the Workers' Compensation Board once again, we have split the appearances before the committee among fairly large number of groups, some associated directly with the compensation system and others representing umbrella groups out there that have interest in compensation matters.

Today we have the Workers' Compensation Appeals Tribunal, affectionately known as CAT throughout the province, and Mr. Ellis is its chairman of the appeals tribunal. Mr. Ellis, welcome to the committee again. I hope to introduce the people who are with you.

**Mr. Ellis:** Thank you, Mr. Chairman—

**Mrs. Marland:** Before we get started, excuse me for interrupting. First of all, I want to apologize for being unable to attend yesterday afternoon due to a funeral of a close family member. The question that I want to clarify is this. I did ask that these hearings, because of their significance and their importance, be held in room 151, the Amethyst Room. Am I correct?

**Mr. Chairman:** No, that is not correct. Perhaps we should have, but we did not.

**Mrs. Marland:** Which hearings did we get should be held in that room then?

**Mr. Chairman:** I am not aware of that issue. I really don't.

**Mrs. Marland:** It may be because of the fact that I am sitting on so many committees, that it is rather committee.

**Mr. Chairman:** Yes, there was another committee.

**Mrs. Marland:** I do notice, however, that the Amethyst Room is not being used. I still think, because we are only on our second day of these hearings, that if that room is available, it is a very significant matter for both employers and workers in the province and it would be to everyone's

advantage if the hearings could be held in that room.

**Mr. Chairman:** I think that is a point well taken. We will explore the availability of room 151, and if it is possible, we will schedule into that room. I think it is a good suggestion. Thank you. Anything else? All right, Mr. Ellis.

### WORKERS' COMPENSATION APPEALS TRIBUNAL

**Mr. Ellis:** Mr. Chairman, members of the committee, as on previous appearances before this committee, I intend to limit my opening remarks to a number of special highlights in order to leave the bulk of the tribunal's scheduled time before the committee for the committee's questions.

Accompanying me today are the worker and employer members of the tribunal's executive committee. On my right is Nick McCombie, who is a tribunal member representative of workers, and on my left is Jacques Seguin, who is a tribunal member representative of employers.

1540

With me as well, but seated in the audience, are senior staff members David Starkman, general counsel, and Robert Whitelaw, general manager.

The committee has available to it, I understand, my second report. I have brought today, and I will distribute at the end, the tribunal's weekly workload analysis for the week ending May 13, which you may want then to compare with the similar document marked as appendix C in the second report, and also an update of the summary of current case load statistics, which appears in its original form as table F-3 in the second report. These will give you a basic eight-month update on the tribunal's performance. I will leave copies of those for the committee's use.

I do not in these remarks propose to go over ground covered in the second report. I propose, instead, to go directly to what I presume will be the subject of the committee's greatest interest and concern. I refer to the delays workers and employers are experiencing in getting decisions out of the tribunal after the hearing in a case has

been completed. This is certainly the subject of my greatest interest and concern.

This delay problem is the tribunal's only significant remaining startup problem, but it is a serious problem. My colleagues at the tribunal and I are well aware that this problem has been undermining the tribunal's credibility over the past several months. In the eyes of many it is obscuring the tribunal's undoubted achievements to the point of transforming what is in other respects a respectable success story into a subject of concern and an object of increasingly serious complaints from the workers and employers directly affected—complaints of which, of course, the members of this committee will be the principal recipients.

As will be apparent from the second report, for at least the past 12 months the solving of this problem has been the first priority and the major preoccupation of the tribunal and its chairman. The first thing I want to do this afternoon is to share with the committee members current production data which now confirm that this problem is, indeed, a startup problem and not a permanent tribunal characteristic.

With respect to current cases, that is to say, cases heard in the eight months which have elapsed since September 30, 1987, which is the date of the second report, the tribunal's data indicate that the tribunal is in fact now meeting expected production goals at the decision-making stage.

During this eight-month period, the tribunal completed 540 hearings in cases where no post-hearing investigation or submissions proved necessary. Decisions have been issued in 340 of those cases. The average elapsed time between completion of the hearing and the issuing of the decision in those cases is two months.

A further 120 of the 540 total are cases in which the hearings were only completed within the past two months and in which the tribunal would not expect decisions to have issued in the best of circumstances.

Thus, of the 540 cases with completed hearings during this period, only 82, or 15 per cent of the total, have required a decision-making process in excess of two months. Forty of these cases were heard two to four months ago, 28 were heard four to six months ago and 14 fall within the six-month to eight-month period. But 75 per cent of these delayed decisions are in advanced stages of completion and only 20 cases, about three per cent of the 540 total, are of concern, in my opinion, from an unwarranted-delay perspective.

Those particularly familiar with the tribunal operations will appreciate that not all of the cases will have been entitlement or quantum cases. A proportion will have been less substantial cases such as section 77 appeals and section 21 applications, in which decisions would be expected to issue in a shorter time than months.

When the figures are broken down in the various categories, it is apparent that with respect to the entitlement and quantum cases, which are the bigger and more significant cases, we are short of our original two-month decision-making goal. The average release time during this period for section 21, section 77 and leave applications was approximately six and a half weeks. For entitlement and quantum cases, the average release time was 12 weeks, or just under three months.

In the second report's analysis of the decision-making time to be expected when everything is going well, committee members may recall that on the basis of the tribunal's actual experience it was estimated that of the seven out of 10 cases in which decisions are ready to write after a hearing, where the panel chair is a full-time chair, five of the seven cases will be decided within two months, one case may be expected to take three months and one may be expected to take four months.

For cases heard by panels with part-time vice-chairs, the expected time to make a decision in each of the seven cases was three months. Thus, on the basis of that analysis, the expected overall average time for decision-making work we are, to coin a phrase, firmly on top of the wave, would be approximately two and a half months for cases not requiring post-hearing investigation or submissions.

The data for the past eight months indicate, therefore, that with respect to current cases the tribunal is producing decisions at rates that are at or very close to the expected standard.

It is also, I believe, realistic to expect that some proportion of the range of cases which the tribunal confronts in its typical case load will always present special problems for completion in a timely fashion. I think a three per cent problem figure is a realistic normal operational expectation.

At the same time as the tribunal was achieving expected production rates with respect to current cases during the past eight months, it was making significant gains in reducing its backlog of old cases. In the second report, we report that the backlog at the decision-making phase of



As of May 13, 1988, that figure has dropped to 99 cases. During this eight-month period, in all categories we have released a total of 1,000 decisions.

What the data establish is that we now have the decision-delay problem under reasonable control so far as the tribunal's current day-to-day operation is concerned. What is left is to clean up the backlog of intransigent old cases, about 100 in number, which are the remains of the issue to which I have referred in the second report. I expect that this will take another few months to complete.

As I have said in the second report, viewed from the perspective of the tribunal's overall performance, the delays in releasing decisions have never, in fact, been an overwhelming problem. We have now released about 2,200 decisions. Another 1,000 cases have been disposed of without a hearing, for a total disposition of 3,200 cases. The overall average time for decisions is just about four months. That four-month average includes the time taken in 30 per cent of the cases for convened hearings or post-hearing medical investigations or submissions.

We estimate that only about 200 to 300 decisions were seriously affected by the decision-making delay problem. Given the circumstances out of which that problem arose, this is not a surprising or unacceptable performance, in my opinion.

Viewed, however, from the perspective of the 100 or 300 individual workers or employers directly affected by these delays, and from the perspective of the MPPs who were asked to maintain the situation to those individuals, it was, of course, a very serious problem which caused individual hardship and put the tribunal's credibility in question.

It is a situation which my colleagues at the tribunal and I regret most deeply, and it is with great relief that I find myself able to indicate to you today that the problem is now under reasonable control.

For the next few months, the tribunal will continue to issue too many decisions that have taken too long to complete, but these will be coming from the remaining batch of about 100 backlogged decisions. Once these are dealt with, the problem will be behind us.

I appreciate that satisfaction at the prospect of the tribunal averaging only two to three months to make a decision after a hearing is complete can be shared only by those who find the tribunal's

basic plan of adjudication acceptable. I am aware that there are those, among whom some members of this committee may perhaps be counted, who do not view with favour an adjudication plan that contemplates a total pre-hearing, hearing, and post-hearing cycle for entitlement and quantum appeals in the order of seven to nine months overall.

As I have indicated in the second report, I am not reconciled to the tribunal's never being able to do better in our pre-hearing stage than the current five to six months or even four months. The tribunal's process is under constant review from the point of view of improving its efficiency and speed, consistent with maintaining an appropriate effectiveness.

We have under active consideration at this moment a major experiment in the shortening of the pre-hearing phase. It is also apparent that as things begin to settle down a bit and more and more cases fit into routine and increasingly familiar patterns, the decision-making process will also more and more often fall into a routine where decision-making time can be shortened and the length of decisions reduced.

Oral decisions, with written reasons to follow, will at some point become feasible. I expect that in the course of time the overall process might be reduced to a four-month to six-month cycle. I remain, however, fundamentally convinced that with respect to final appeals of Workers' Compensation Board decisions affecting entitlement and quantum, a substantial process involving a significant commitment of time and resources will always be necessary.

The requirement of significant time to deal with substantial cases appropriately in a tripartite system is a subject I have been over before with this committee and which I have addressed in both of my reports. I do not propose to take the committee's time to go over it again in these opening remarks. I would, of course, be very willing to discuss the matter fully in the question period, should that prove to be the committee's wish.

As you know from the second report, with the very significant exception of the decision delays, it is my view that the tribunal has been successful to date in pursuing the assignment defined by its legislation, and I am frankly proud of what the tribunal has so far achieved in the face of a very considerable challenge.

Thank you, Mr. Chairman. I look forward to responding to the committee's questions.

**Mr. Chairman:** Thank you, Mr. Ellis. Before we get into that, may I first of all commend you—I



do not know who wrote it—on the second report. The language is really good to read and you deal with the issues in a very straightforward way. We members have to read a lot of material and it is good to read something that is so direct.

**Mr. Ellis:** Thank you.

**Mr. Chairman:** If I can kick off the discussion, there are a number of issues that are swirling around out there which the Workers' Compensation Appeals Tribunal is very much involved with. The one that comes to mind for everybody immediately and the one which you deal with in your report is the one of final say. That bothers a lot of us a great deal. You put it in your report as to who has the ultimate say, which is a direct way of putting it. You even set up a theatre of the absurd, as you referred to it, of a scenario where it just keeps bouncing back from WCAT to the board, WCAT to the board, and on and on.

My question is a very direct one. Can that quandary of who has ultimate say be resolved with the existing legislation?

**Mr. Ellis:** First, may I just clarify one point? What we have referred to sometimes as the ping-pong effect of bouncing back and forth is a reference in that report to the inherent problem with subsection 86g(2), the definition of the tribunal's jurisdiction. That is a different kind of problem to the section 86n review, which the board of directors is involved with. Dealing with the ping-pong effect, if you will, I think the tribunal's current approach to defining subsection 86g(2), as I attempted to explain in the second report, will and is going a long way to limiting—not eliminating, but limiting—the extent to which that back-and-forth will be necessary.

With respect to how we get to the point of determining who has the final say, again, as I indicate in the report, I think it is a question of simply interpreting the meaning of section 86n. I am aware, as everyone is, that there are different views as to how that section should be interpreted and whether we end up with the board of directors or the appeals tribunal with the final say on the issues of general law and policy.

The process involves us making that initial determination in the context of a case after getting submissions from parties interested as to how the thing should be interpreted. I have said, and we have maintained from the beginning, that it would be inappropriate for us to have an opinion or to venture an opinion as to how that section is most properly interpreted until the occasion for doing it within the structure of our actual process comes up. That may happen in the

near future, depending on what the board of directors ends up doing with decision 72 and the case where we are waiting for a decision. It is possible the legislation can be interpreted one way or another.

**Mr. Chairman:** Exactly. That is why the committee is going to have to wrestle with this some point. We obviously do not change the legislation, but whether we make a recommendation dealing with—

**Mr. Ellis:** May I just add one additional thought? It is the kind of thing that might be dealt with most constructively on a case-by-case basis. We have continually appreciated how our appreciation of an issue changes as the context of the case changes a little bit. I think it would not be wrong from a process point of view to allow the meaning of that section, as written, to be explored by the tribunal over the course of a number of cases. At the very worst, you would be in a much better position to understand the implications of the section and how it needs to be fixed, if it needed to be fixed. It is possible to be sitting here and speculating about how it might work or should work without the context of a specific case.

**Mr. Chairman:** It does not matter if the process is streamlined and efficient if you become involved in deliberations by the board over whether the decisions are appropriate take a year. I am saying this is in a large number of cases, but not in the ones where that happens.

We have a number of members who have questions. Mrs. Marland.

**Mrs. Marland:** Mr. Ellis, I know you probably in the report, but I have just received it so I wonder if you can help me out. How many full-time hearing members are there and how many part-time, because you did make a comment relative to the full-time and part-time just approximately.

**1600**

**Mr. Ellis:** All right. If you will allow me to deal in approximate numbers, counting members, we have 10 full-time chairmen and 10 part-time chairmen—in other words, 10 people who hear hearing panels full-time; six full-time employer members and six full-time worker members; approximately 10 or 12 part-time vice-chairmen whose level of activity varies quite a bit; and, I believe, seven part-time employer members and about 11 part-time worker members.

**Mrs. Marland:** OK.

**Mr. McCombie:** If I could just add to that, there is a list in the report, in appendix A, of

time and part-time members as of the date of report. It has changed somewhat, but I think gives you an idea.

**Mrs. Marland:** I knew it would be in here. I needed to have the answer because it leads me to the next question, based on your statement about the much time it takes to write decisions following the hearings. If I heard you correctly, because we do not have a copy of your speech in front of us, you did say that part-time panel members or part-time hearing officers—what is the correct term?

**Mr. Ellis:** I am sorry. Panel members will be

**Mrs. Marland:** I think I heard you say that part-time panel members take longer to write decisions. I wondered if you could explain why this is.

**Mr. Ellis:** Yes. It is primarily because they do not work full-time within the building, so communications take longer. We make decisions in panels of three. For the panels to meet together, the outside member has to come to the building to meet with some full-time members. The interchange within the caucus is just that much more prolonged because of its physical distance. The part-time members are not quite as experienced, on the average, as our full-time members have become in getting out the decision. Those two factors put together lead, we think, to about a one-month additional period in which we are utilizing a part-time vice-chair.

**Mrs. Marland:** Any given panel could have part-time and part-time members on it?

**Mr. Ellis:** Yes.

**Mrs. Marland:** Does a panel ever have all part-time members?

**Mr. Ellis:** No.

**Mrs. Marland:** OK. The reason I am focusing on that aspect is that where the hardship continues for these appellants is in the amount of time they are kept waiting to know whether they are going to receive compensation or otherwise. It just seems unfortunate that there is anything that prolongs that written-decision time. I guess I am just wondering whether there is anything that would facilitate removing the one-month delay in having more full-time panel members and fewer part-time.

**Mr. Ellis:** Yes, there is no doubt that would be more efficient in terms of getting out the decisions. I think we would be looking at a speeding up of something in the order of a month in a

cycle which is probably going to run to seven to nine months in any event.

**Mrs. Marland:** I notice in the report that—and I gather this is obviously in the act—there is a requirement to have medical assessors and medical counsellors. It refers to the fact that the statute requires this to be a panel of medical practitioners. I guess both medical assessors and medical counsellors are part of the panel of medical practitioners. Is that right?

**Mr. Ellis:** There is no medical panel, as people generally understand the term "panel." We have hearing panels. What we have is a roster of medical doctors who have been approved by the Lieutenant Governor in Council, to whom we can send workers for additional examination and further report. They present evidence on an individual basis to the hearing panel to assist it with its decision on the medical issue.

**Mrs. Marland:** I would gather from reading the list on page 21 that, obviously, these medical practitioners are from a very broad area of specialty fields. I do not, however, see in that list a doctor of chiropractic medicine. I am wondering whether there is a reason for that when a worker might be referred for a medical evaluation, as you have just put it.

**Mr. Ellis:** May I just, for the record, make one clarification? The names listed on page 21 are the tribunal's medical counsellors. As I think I have put it somewhere, they form a small core of wise counsel to the tribunal and they do not present evidence to the hearing panels.

**Mrs. Marland:** So they never see patients?

**Mr. Ellis:** They never see patients, no.

**Mrs. Marland:** OK.

**Mr. Ellis:** With respect to the group of medical assessors, we have one short list that has been approved and we are about to submit a much longer list, but in either list there does not appear a doctor of chiropractic medicine. One of the reasons for that is that the legislation specifies a—sorry, I am not finding it.

"Medical practitioner" is the term used in the section, and the definition of "medical practitioner" we are using is from the Health Disciplines Act. If I recall correctly, that is dictated by the Interpretation Act, which defines "medical practitioner" when it is used in a statute. I may be proved to be wrong, but that is my recollection.

**Mr. Chairman:** Before you go back, Mrs. Marland, you may hear the bells ringing faintly in the distance, and only faintly, because the door is closed. There is a vote in the Legislature within 10 minutes, so we will perhaps complete Mrs.



Marland's questions, go for the vote and then come back. We should be back within 10 minutes after we leave, we hope. Sorry for the disruption, but we cannot control that.

**Mrs. Marland:** Does your tribunal acknowledge chiropractic medicine as a means of evaluation of that injured worker?

**Mr. Ellis:** I am not sure I know of any instance where we have gone for extra medical evidence from a chiropractic doctor. We might have done that, because in addition to the people on the approved list, we sometimes get medical evidence by consent, with the worker consenting to go to somebody who may or may not be on the list.

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In the files we receive, there are very frequently reports from chiropractic doctors, which the panels then take into account in their assessing of the overall evidence. In that sense, we are dealing with chiropractic evidence.

My guess is that if we were pushed to having to take a tribunal policy position on whether we would send somebody to a chiropractor, or should send somebody, we would take the same view of that as the Workers' Compensation Board does. I understand it does recognize the legitimacy of that.

**Mrs. Marland:** It is my understanding that the WCB does recognize chiropractic medicine, so therefore employers are paying for those fees, as does the Ontario health insurance plan pay for chiropractic treatment.

When it is not referred to anywhere in your report, I was just questioning the exclusion of that area of medicine. When your tribunal is hearing an appeal, obviously, you are basing it on cost of treatment. In some part of that hearing, the compensation assessment is based on cost of treatment, which may lead into what area of treatment is provided for that injured worker.

If you do not consider chiropractic medicine in that overall assessment, then are you really fairly looking at the cost-effectiveness of one type of medical practice versus another in the best interest of that injured worker and in the best interest of those who are paying the compensation?

**Mr. Ellis:** As I say, we do have regard for the reports of chiropractic doctors in the ordinary course of dealing with cases in which that has been part of the evidence that was before the board and is now before us. As I say, I do not recall having occasion to exercise our powers of

further medical investigation by sending any to a chiropractor.

**Mrs. Marland:** But you do send them further investigation to other fields of medicine.

**Mr. Ellis:** That is right. But as I say, believe the statutory direction is that this medical assessor, the group that is appointed by cabinet and to which we have the authority under statute to send workers, is confined to medical practitioners as defined under the Health Disciplines Act. That does not, as I understand, include chiropractors.

**Mrs. Marland:** So that is where I would seek the clarification, through the act and its reference to a panel of medical practitioners.

**Mr. Ellis:** Yes.

**Mr. McCombie:** If I could just add one thing, there have been a number of cases that have come before the tribunal in which the worker requested, for example, that the board pay for ongoing chiropractic treatments. Those certainly have been dealt with. Where it was felt by the panel that that argument had substance, then the panel did order the board to pay for chiropractic treatments.

Also, if we did ask a worker to go, certainly the tribunal would pay. If the attending physician in a particular case were a chiropractor and the tribunal sought further evidence, it would pay for a chiropractor.

**Mr. Chairman:** We will come back to that after the vote, Mrs. Marland.

**Mrs. Marland:** Actually, Mr. Chairman, after the vote I then have to speak in the House but I will be back later on.

**Mr. Chairman:** We are recessed until the vote has been taken.

The committee recessed at 4:14 p.m.

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**Mr. Chairman:** The standing committee's resources development will come back to order most members having been in and voted. I should confess I got locked out for that vote and did not make it in time. I know it is bad. The next speaker on the list is Mr. Wildman.

**Mr. Wildman:** Mr. Ellis, are you familiar with the term that is used by some workers' advocates, "86-ed"?

**Mr. Ellis:** I do not think I have heard it used that way, but I can understand.

**Mr. Wildman:** Yesterday, we had Dr. E. and the Minister of Labour (Mr. Sorbara) before the committee and I raised questions with the minister regarding the independence of



Workers' Compensation Appeals Tribunal. I will pose the same question with you. Considering interpretation that has been placed on section 86n, are you confident that your tribunal is able to operate independently and to make independent decisions?

**Mr. Ellis:** By "the interpretation that has been placed" on it, do you mean the way in which the Workers' Compensation Board has been using section 86n?

**Mr. Wildman:** Yes.

**Mr. Ellis:** If I may just enter a small caveat before I begin to answer that question, as I have said, we have upcoming at some time the obligation to interpret this section. It is hard to do that about it without taking some position on what it means in terms of the final say.

**Mr. Wildman:** I understand.

**Mr. Ellis:** Perhaps I could be understood as intending to indicate directly or indirectly where I think that section takes you on that issue for the final say, and perhaps I could also make it clear that my response to the question will be a very personal one. The Workers' Compensation Appeals Tribunal has not had occasion to discuss this internally. We do not have a tribunal position on it. I am well aware that not all my colleagues share the same views about it. Having now directed myself in every direction, maybe I should try to answer the question.

The short answer to the question is yes, I think we can operate independently with section 86n as has been applied the way the Workers' Compensation Board is now applying it. I am of the view, personally, that the section in fact enhances the Appeals Tribunal's independence. That is a view that is based on a fairly subtle analysis, something like this:

The WCB is a very big organization, I do not need to tell anybody here: a \$1-billion accident fund; a multibillion-dollar unfunded liability; 20,000 or 30,000 employees; necessarily, a management that is very senior and very competent; and a large board of directors that is representative and is intended to be a blue-ribbon board of acting people of high reputation and experience from various communities affected by the board.

The WCB is a major player in the economic activity of the province, if I can put it in those terms. I really think it is unrealistic to design a system where that kind of operation can have a major policy overturned in a final way by a three-person panel which may be relatively inexperienced—it could have a part-time chair-

man, a rookie chairman of the panel and so on—without the corporation having a substantial vehicle for input into that change and accommodating the organization to the change in a way that offers the hope of bringing the organization to accept the change in a wholehearted fashion.

Take the chronic-pain case as an instance. Let's assume that the issue of the compensability of chronic-pain cases had been decided by our decision 915. The board has indicated that it had a parallel investigation going and came to its own decision comparable to the appeals tribunal's on chronic pain. But let's assume that had not been happening and we had come along with our decision 915 which made chronic pain compensable. Without a section 86n process, the board would be faced with a fait accompli with no recourse and it would then have to implement the chronic-pain policy on the basis of the decision of this one panel.

The chronic-pain issue, and almost any major issue the board is concerned with, is a multidimensional issue and the implementation of a chronic-pain policy is a multidimensional activity. If you could not have the wholehearted support of the WCB for the implementation of that policy, it seems to me you would end up with a mess.

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What section 86n or some vehicle similar to that does is to provide the board and these very knowledgeable people who are involved in administering this large undertaking and enterprise an opportunity to take a look at what we have said and the reasons we have given for differing with their view on a policy issue; an opportunity to see that we are right and to embrace the policy change; an opportunity to take what we have said, hear submissions from other people, go back and look at the whole thing from the board's perspective and then come forward with a different and reasoned view.

I think myself that all makes reasonable sense. The absence of that kind of a vehicle would put so much pressure on that three-person panel in an appeals tribunal that in fact you would have an appeals tribunal that would feel less independent and less inclined to call the thing; you know, to take a broader view or to see things in a new way.

I think that—again, a personal view—if there had not been an 86n process to bleed off some of the pressure around decision 72, for example, or if the board had been faced without recourse with our chronic-pain decision or had been faced without recourse with our fibromyalgia decision,

the pressure on the appeals tribunal would have probably blown us away before now.

I think that if you are designing a system, it has to take realistic account of the realities of the forces at work, and I really believe that the appeals tribunal's sense of independence and willingness to take on and look freshly at issues is helped by the knowledge that there is this process by which the board can come back in and there can be a working out of the thing.

**Mr. Wildman:** I appreciate your comments.

**Mr. Chairman:** Are you going to stay on that subject? I want a supplementary.

**Mr. Wildman:** Go ahead.

**Mr. Chairman:** Would it be helpful or unhelpful if, when the board intervened and was asked to review a decision of the appeals panel, and the board did so and referred it back to the Workers' Compensation Appeals Tribunal, it referred it back to a chairman's panel of WCAT? The danger, it seems to me, is a kind of paralysis if there is no agreement in the final analysis.

**Mr. Ellis:** I think the language of the act suggests it is a direction to the tribunal. Without having thought about it a lot, the statute gives the chairman of the tribunal discretion in the establishing of panels to do various things. There would be, I think, a discretion as to whether the original panel will be assigned to deal with that or not, and that probably would depend on the nature of the issue and so on.

**Mr. Wildman:** If you do not feel it would be appropriate to answer this question, I quite understand, but I would like to try it anyway. If a decision—for instance, to use the chronic-pain example you referred to—is considered under section 86n by the board of directors, do you have any thoughts about how we, as a committee which will be making recommendations to the assembly, which may or may not be acted on by the government, should take any position regarding the staying of benefits?

**Mr. Ellis:** I agree that the merits of the structure that has been set up is being obscured at the moment, first, by the number of issues that are up for grabs because of the recent creation of the appeals tribunal; second, because of the fact that the board of directors is feeling its way in terms of process and procedure as to how to better appropriately deal with these issues; third, because in the meantime there are individual workers and employers who are being held up and delayed by a process that is really designed to solve an institutional problem. Focusing on how to manage the inconvenience and delay to

individuals in this process seems to me constructive focus for reform.

Now, the board has discretion as to whether they stay decisions or not. For example, they have adopted a policy, when they get a case of osteoarthritis, to send it to the review part of their organization, to decide whether it should go to a section 86n review process. They have so far been implementing that decision in the meantime. They have decided not to delay the implementation of decisions where they have embarked on a review of the policy and they do not know whether they are going to an 86n or not. So there is that discretion and the board has the freedom to exercise the discretion in an appropriate case.

The balancing is if the board has a situation where its feeling is that we plainly got it wrong and it involves substantial benefits to individuals. There may be policy concerns about the cost of paying those benefits—it may be permanent pensions over a lifetime or whatever—to work in that particular situation when you have the expectation that it is going to be changed, so that the next group of workers coming along with the same fact situation will end up with a different set of benefits. There is an unfairness among workers with similar situations.

I am not sure it is a bad thing to leave discretion in that regard with the board of directors.

**Mr. Wildman:** If I may make an observation, it seems to me that as a committee, we should be looking very carefully at the question of how long the board's deliberations or review should be allowed to go on.

**Mr. Chairman:** On the WCAT decisions under review.

**Mr. Wildman:** Yes, when they are reviewing WCAT decisions under 86n, because it seems to me that if, in the case of the chronic-pain situation, nearly a year later workers are still waiting to find out, that kind of delay is not appropriate. I just say that as an aside.

I would like to pursue the question using the example of the chronic-pain decision. Could you explain the rationale for deciding that once a decision should be recognized, it should be recognized back to the date of the decision rather than to the date of the beginning of the incidence of pain?

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**Mr. Ellis:** That question takes me into an area that I have a problem, I believe, in responding to because it puts me in the position of having to defend an appeals tribunal decision in this form and that will lead to other panels being affected.



ented not only with our decisions and the ten reasons in the decision, but also now with chairman's explanation in defence of it in this m. I have real difficulty in dealing with that.

**Mr. Wildman:** I did earlier privately mention the chairman that I wondered if that kind of a question would be appropriate and he said, "Try

**Mr. Chairman:** The panel did give reasons for that?

**Mr. Ellis:** Yes.

**Mr. Chairman:** Would it be appropriate to refresh the minds of members of the committee as to what those reasons were, if you can recall some of them?

**Mr. Wildman:** In other words, you would not be adding something new, you would be just reviewing the reasons of the tribunal. Would that be appropriate? I am not sure that all of us are familiar with it.

**Mr. Ellis:** I understand that. OK, let me try. I will preface it by saying that where I differ from the written reasons, it is my intention—I dissented in the written reasons when we wrote them and I continue to believe in them, and this is my attempt to recall.

We are talking about decision 915a. I should mention that there was a majority and a dissenting opinion, although Mr. Cook, who had a dissenting opinion, agreed with the basic principles that we had adopted.

To begin with, we decided that the law did not permit unlimited retroactivity of benefits derived from what we called an overruling, an overruling being a change in how the act was read in acceptance of new medical advances.

We believed, on the basis of the law that we had set out, the common law, that it was wrong to do that and we thought we were not uncomfortable with that finding because it seemed a very reasonable position for workers to have unlimited retroactive benefits of overrulings when nobody in our legal system has that kind of advantage. So the law seemed to indicate a right to dissent from a policy perspective as well.

When it became a question of defining the limit of the retroactive application of the overruling, we examined a couple of three possible strategies that might be resorted to. Our basic principle was that the law indicated that you should impose such limits on the retroactive benefits of overrulings that principles of good public administration would indicate. In other words, we concluded the law required you to do something that was the most sensible thing,

given all of the various competing considerations.

We thought the idea of selecting a particular date, so that everybody would have benefits from that date forward on the basis of the overruling but would not have benefits from that date backwards on the basis of the overruling, was the most sensible strategy. The adoption of that strategy meant that you did not take it back to the date of the disability unless the disability occurred after the selected start date.

In selecting the start date, the board's policy was to impose the limit at the date the new overruling was made. We thought that an analysis of good public administration principles indicated that the start date should be the beginning of the process through which the system developed the change, so that you would not have a situation where the process of change was achieved on the backs of the injured workers, as it were. In other words, if you pick the date where the process ends, then every day of delay in that process is achieved at the cost of lost benefits.

So we picked the date when the concrete process which led to our overruling commenced. In the Villanucci case, in 915, that was March 1986, which was the date when we had first identified the fact that we were dealing with a chronic pain case and that we were looking at the possibility of an overruling of a board position on a generic institutional position on chronic pain.

**Mr. Wildman:** I will not pursue that, Mr. Chairman, because of the concerns expressed earlier. I reserve the right to discuss it further, though, in this committee.

**Mr. McCombie:** Can I add one thing? Although I was not involved in this case, I feel I should briefly say that, as the chairman indicated, it was a dissenting view which took the position that the start date should be in 1980 with the recognition in the medical community of the problem, in particular with the publication of the DSM3 diagnostic statistic.

**Mr. Wildman:** I understand that, and that basically is what Mr. Ellis was referring to when he said that although Mr. Cook dissented, he did accept the view that there could be a start date rather than going back to the beginning of the incidence of pain.

**Mr. Ellis:** That is right, and he disagreed with the majority on what date the principles would lead you to select.

**Mr. Wildman:** I understand that. OK.



I would like to ask one other question, Mr. Chairman, and then I will yield the floor if, hopefully, I could get it back at some time later on.

Under section 860, WCAT can grant leave to appeal a decision of the old appeal board, which I think it would be fair to say was not intended to be independent in the same way WCAT is. What I do not really understand is that it seems WCAT continues to take the position that even though the tribunal might have made a different decision in a particular case based on the merits of the case, that in itself is not reason to doubt the correctness of the appeal board decision. Is that right?

**Mr. Ellis:** Yes.

**Mr. Wildman:** I do not pretend to be a lawyer. One of the best decisions I ever took was not to enter law school. But, frankly, I think that offends common sense. I would like the rationale.

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**Mr. Ellis:** OK. Again, this kind of a discussion I find awkward, for the previous reason. If I could again be taken not to be attempting to add anything to what the decisions have indicated, I think it basically comes down to the fact that, if you take your view that if we would have done it differently then we should grant leave, there is no difference between the people who have a right to appeal and the people who are required to apply for leave to appeal.

That test is the test we apply when somebody has a right to appeal, so the distinction is rooted in the fact that the legislation has made a very careful distinction between a group of people who are entitled as of right to appeal and those who must apply for leave to appeal. That ruling you referred to reflects the appeals tribunal's attempt to give reasonable and different effect to different provisions in the legislation.

**Mr. Wildman:** I will leave that for now, Mr. Chairman, and hopefully at another time I can come back to two other questions about that.

**Mr. Chairman:** OK. Mr. Leone.

**Mr. Leone:** My remarks might be interpreted as a little critical, but you will have to understand my position. I know that in your presentation you have already justified in a sense what the tribunal's problems are and discussed them. You were right in saying that the credibility has been damaged, because today we politicians do not have answers for our workers to justify, let's say, the delay of two years or two and a half years.

I am from the Italian community. You know the problems there are many. In the past, we tend to suggest to governments that they give an organism to solve the problems of the work appeals. At a certain point, it was decided there was no appeal, that the decision of Workers' Compensation Board was final and the injured workers were left with a decision that did not satisfy them.

The government to which I belong created a new organism, which probably—I do not know can only justify in the future, but at this moment I think it also has become a heavy bureaucratic weight to the already big bureaucratic work compensation. We would like to see from your tribunal, for example, the responsibility to clear the backlog which exists. I have workers come to my office who still do not have an answer.

I have some questions that make up my remarks. For example, after the decision has been reached, I understand that workers have been waiting for nine months. Why? What is going on? I am not aware of the process. Now I am listening to the fact that there is a review, there are bodies other than the WCB, but I have to tell me how to justify this nine months and how to answer the workers. What goes on during this nine months or probably more?

**Mr. Ellis:** It is in the group of what is now, I think, down to about 100 cases. It is not nine months. It is more like a year and a half, and one or two of the cases are now going into the second year. I would not want to minimize the seriousness of the delay or to be thought to do so.

It is not that it has taken us 18 months of slow work after the hearing and we have not yet come to a decision. It is the product of a backlog problem, a backlog that was created a year or half ago or thereabouts. It was created by a combination of things, the major one being an issue overload of crisis proportions. That is one of the overriding problems and it defined the context in which this thing developed.

We also did not manage it very smartly, looking with the advantage of hindsight. We do not appreciate, coming in, how difficult the decision-making process would be and the whole range of very controversial and difficult issues we would have to be dealing with.

We also were focused at the beginning on the existing backlog of unheard decisions of about 1,000 files, so our initial management focus was on getting this stuff heard: getting the parties organized, getting the hearings held and getting the cases heard. In the process of that emphasis, we managed to overload a significant number

vice-chairmen. In other words, we assigned more hearings than they were capable of handling, given the nature of the issues and those problems. We ended up with some vice-chairmen with a backlog before we got down to dealing with the problem of 50 or 60 cases. Those cases were very difficult cases, on average, because they were the earliest cases. They raised issues that, for a time, the tribunal flatly did not know what to do with, in many instances.

We went through a process of consideration of a panel discussion, because the issues would be confronted by a number of panels in different cases at the same time, as I have attempted to describe in the report. The slowness of the decision-making process, coupled with, as I say, an unfortunate extent to which we loaded up our vice-chairmen with cases before we realized the nature of the problem, left us with this jam of old cases.

If you have somebody who is faced with 50 decisions to write—a set of files that, if you put them all together, would stretch across the room—there are only so many decisions that that individual and his panel, in that case, can deal with at a time. What we have been doing in the past year has been taking those individuals off the hearing assignments and leaving them to make decisions. It is that process that has allowed us to bring that backlog from what we estimated to be about 260 cases down now to 99, and it will take another three or four months to get rid of the backlog.

It is a situation we are all very embarrassed about, and we would do it differently if we were doing it again. We are now not allowing that kind of backlog to develop on individual vice-chairs' mandates. As I have indicated, that problem is not a feature of our current operation.

What we have is a cleanup operation that we are focused on. We cannot assign the cases to other people. Once the individual is seized with having heard the case and so on, we cannot say, "We'll take that over and give it to someone else who isn't as heavily loaded." We have to wait for that individual to be able to come to grips with that case. That is the best description I can make of the situation.

**Mr. Leone:** For the backlog then, you must have a plan by which this backlog will be taken care of, so that then you will have the incoming cases and the outgoing, on an average, let's say—whatever you have, October to May—of 100. You are providing for this. Otherwise, if

you leave that backlog there, you have the same problem.

**Mr. Ellis:** No. Since September, we have not been assigning new cases to vice-chairs who are suffering from this backlog problem so that their full time has been devoted to reducing that backlog, and that will be continued until we get rid of it.

**Mr. Leone:** Then those cases will still be considered behind, in other words? If you do not assign them, they will be left behind how long?

**Mr. Wildman:** They will be assigned to someone else.

**Mr. Ellis:** New cases are being assigned to other people.

**Mr. Leone:** I knew that the WCB, the board, has the authority now to overrule or whatever, change some of the decisions. What other appeal does the worker have when you are in favour, let's say, and then the board says, "No, it's final"?

**Mr. Ellis:** The section indicates that if the board disagrees with our view on an issue of general law and policy, then it may determine that issue differently and refer the case back to us with a direction to reconsider the case in the light of that determination.

What we have not answered yet is whether that means we have to accept the board's view on that issue and simply apply the board's view of the general policy and law issue to the facts of this case, which might or might not lead to a different conclusion; or do we have the right to say, "We hear what you say, board of directors, and your determination, but we still don't agree with it"? That is the unanswered question I am not prepared to address until it comes up in a case in which it will be argued and we will have to write a decision as to what it means.

**Mr. Leone:** What is the percentage of cases approved by your tribunals against the rejected or not approved, generally, in gross terms?

**Mr. Ellis:** We adopted a policy very early on that we would not keep track of that information.

**Mr. Leone:** But you have.

**Mr. Ellis:** But we have? The board keeps track of the proportion of its decisions which are overturned by the appeals tribunal in decisions where we deal with appeals from their decisions. That is information that you would do better to get from the board.

I can tell you roughly that in the cases of entitlement and quantum and applications for leave to appeal, the percentage that the board was



reporting was early on in the 60 to 70 per cent range of overturnings. I believe in more recent months it is down to around 50 or below.

Now that does not take into account that they do not keep track of the section 77 appeals, which is the access to the worker's file, where the worker objects to access and appeals, or the section 21 applications in which the employer is trying to get the worker to go to the employer-selected medical practitioner.

Those tend to be quite high in favour of the employer's position on the access-to-file question and quite high in favour of the employer's position. I think they are high in favour of the employer's position on both 21s and 77s.

**Mr. Leone:** Probably also the Workers' Compensation Board can tell us how much it costs for every case. It would be of interest to know how much it costs to solve the case of the worker appeal from the moment it goes to the adviser and to the tribunal.

**Mr. Wildman:** It could be provocative, but it might be interesting to compare how much it would cost to just give the worker the benefits and abolish this whole thing.

**Mr. Leone:** OK. That is why I want to know how much it cost to fix it.

**Mr. Chairman:** Could we be more specific on that? Are you wondering how much it costs—

**Mr. Leone:** We are giving the workers a benefit. We are acting here. At least that is the intention of the law. I want to know what would be better—how much this kind of help costs the government and if it is really worth the cost in order to do it.

**Mr. Wildman:** It is not so much the government as the WCB.

**Mr. Leone:** The WCB is the government, is it not?

**Mr. Wildman:** It is the employer. It is the employer's assessment.

**Mr. Chairman:** As a former employer, Mr. Leone never felt the pain.

**Mr. Ellis:** The financial information from our point of view is that in 1987-88 our total operating expenses and capital were \$8.9 million and our 1988-89 budget operating expenses and capital are \$8.8 million in round figures.

**Mr. Leone:** So that is your—

**Mr. Ellis:** That is our operation.

**Mr. Leone:** You had about 2,000 cases in a year. I see from October 1987 to May 1988 you had an output of 1,100.

**Mr. Ellis:** Then there are cases that we dispense of without a hearing. I think that 1,500 figure the moment would be about right.

**Mr. Leone:** Just by this figure of 1,500 cost about \$5,000 for each case.

**Mr. Ellis:** I think probably.

**Mr. Leone:** The total?

**Mr. Ellis:** Yes.

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**Mr. Chairman:** Administrative costs.

**Mr. Wildman:** That is what I was thinking would be useful if we could compare how much that would have cost if all the cases had been successful and the benefits had been awarded.

**Mr. Chairman:** You are talking about administrative costs?

**Mr. Leone:** Yes.

**Mr. McGuigan:** Mr. Leone asked some of the questions I would have asked. I was interested in Mr. Ellis, in your saying that because you know the final decision can be made by the Workers' Compensation Board beyond your tribunal group, it gives you a little more freedom. I struck a sympathetic note with me because having been on committees for a number of years, and now on the government side, I think we help us as committee men that we can be a little more liberal or a little more reformist, a little more advanced in the work we do here, know we are not making the final decision.

Based on the problem as it is presented to us, we make our report on what we can hammer among the three parties as the best solution. The facts that are in front of us without regard to what implementation is going to cost, without too much regard to how it might affect some other segment of society. I think we are doing the right thing when we do that, from a reformist, social-advancement point of view, always knowing it is the cabinet that is going to make the final decision on whether it is implemented.

When you look at the history of these things, you might say the report goes up on the shelf and gathers dust, but if you look at it over a number of years, you would find where governments reach in and pick out these things and implement them, and you have a gradual, forward movement.

Your analysis was a sympathetic notion for because I think we face the same sorts of things when we are writing our reports. Like you, sometimes have dissenting reports, and so on.



**Mr. Ellis:** I would not want to be misunderstood. I was not intending to suggest that we should take an adventurist approach from a policy perspective, because our concern is not a policy concern. Our concern is to use our best judgement in determining what the law requires, as far as general issues are concerned.

What I was really identifying is that if we had a final say all alone at the top of the thing, without the board having that opportunity, there would likely be, on the one hand, a chilling effect—and I do not mean it would be conscious—the panel's ability to be totally objective about what it was reading the act.

Second, as I said, given a tribunal that had been able to be totally objective and come to a totally new position which was revolutionary in terms of what had gone before, if you will, just reading the law that way, if the board did not have that opportunity to come back into the equation, my own guess is that the political pressures on the tribunal structure would be very serious. Whether it would be a structure that could endure over the long term would be problematic, in my view.

**Mr. McGuigan:** I think the two situations are parallel one another. Perhaps ours has a little wider parameters than yours, because we are interpreting law, but I think the two things are parallel one another somewhat.

I just want to move on to this matter of catching up. Again, if I can use the parallel of just numbers, it seems that the more cases that come to us, the more we solve, but for every one we solve, five more take its place. I am wondering whether you can ever catch up as more and more people realize the benefits of dealing their case and going to you? Is it not a self-perpetuating event or process where you can never catch up? I hope to goodness you do catch

**Mr. Ellis:** One of the advantages that we have experienced in the past year is that the incoming case load has been drifting downward, not upward. The reason for that is anybody's guess. I understand that the board also, at the hearing officer stage, is experiencing a very significant drop-off in the number of appeals at that level.

**Mr. Wildman:** All the cases are sitting in the worker adviser's office.

**Mr. Ellis:** That might be a factor, but, also, you could have a situation where the appeals tribunal is going off in this direction and the board is going off in that direction, so you have an automatic appeal of all cases from the board to the appeals tribunal.

But, if the board is accommodating itself to the appeals tribunal, or, in due course, the appeals tribunal is accommodating itself to the board and the board of directors, whatever, if it is one system going in one direction and the direction is influenced by the interplay between the two organizations, then it seems to me to be a situation where you will minimize the number of appeals because both the board and the appeals tribunal will be playing from the same song sheet, if you will.

**Mr. McGuigan:** So you get a body of law out there, a body of decisions that people can use as a gauge.

**Mr. Ellis:** Yes, that is right, so you will get better decision-making. To take one example that I think is true, on medical evidence: Before the appeals tribunal came into existence, our reading of the files that we then saw was that the board adjudicators tended to defer to the opinions of the board staff doctors and not to be equally influenced by the opinions of outside medical specialists.

This is one of the things that the appeals tribunal thought it necessary to do. While it continued to respect the medical opinions of the board staff doctors, it did not think it right to defer to them, so we ended up looking equally at the outside medical evidence and the board doctors' evidence. That led, in the early going, to a number of decisions overturning the board's conclusion on the medical issue.

Now, our impression is, first, that the board itself is paying more attention to the outside medical evidence than it did in the past and, second, that the board's staff is providing more extensive reasoned decisions, so that the medical evidence generally is better and being dealt with better, in our view, at the board as well as at the appeals tribunal. In that area, there is better decision-making occurring, so there is some proportion of appeals that is not necessary because people feel that they are getting a reasonable result.

1730

**Mr. McGuigan:** I am pleased to hear that, because certainly a thing that bothers us is that one doctor says one thing, the board doctor says another and outside people or independent doctors say something else. We see that there is some movement and some—"compromise" is perhaps not the right word—but there is a moving together of those opinions that I find very gratifying. I think the injured workers feel they are being treated a little more fairly.

**Mr. Ellis:** That is one area where we think the new structure has made a perceivable difference.

**Mr. McGuigan:** I have just a final comment. I think it is very interesting that it is approximately \$5,000 a case. I do not think it is unreasonable to spend \$5,000 when you are talking about a person's future life, what the rest of his life is going to be like. If you spend \$5,000 on him, I do not think that is unreasonable.

**Mr. Ellis:** I think it also has to be looked at in the context that we are dealing with only 1.5 per cent of the total lost-time workers' compensation claims. At the appeals tribunal level, that is the number we see. The \$5,000 is being applied in dealing with the most difficult of the cases.

In dealing with those cases, we are laying the groundwork and the ground rules for all other decisions at some level or other. Those cases are difficult cases with high stakes, people's reputations. We deal with cases of serious suggestions of malingering and fraud. We have cases that involve substantial conflict on sophisticated medical issues. They involve determining how the act works at the margins of the system and, in fact, we are defining those margins. All of that, in my view, is worth doing. It takes time to do well, and I think we are now in stride where we are doing it in a reasonably timely fashion as well.

**Mr. McGuigan:** One could speculate, but thinking of, say, doing that in the context of civil litigation, \$5,000 would not go very far. I gather you are a lawyer. Are you?

**Mr. Ellis:** Yes; and that is right, it would not go very far.

**Mr. McGuigan:** It seems to me that is kind of a bargain. Those are all my comments and questions.

**Mr. Chairman:** OK, thank you. I wonder if we could have our researcher ask a question.

**Ms. Madisso:** Still on section 86n, I understand your concerns about the tribunal's relationship with the board. You say that you want to wait for more cases to come in before you pronounce on 86n, but my feeling is that 86n is still a question of law. What does that section say? What are you bound by and what is the board bound by? Do you have a legal opinion on what 86n says? Have you formed one? Are you planning on forming one?

**Mr. Ellis:** No. Our jurisdiction is to decide cases and to decide the legal issues necessary to decide those cases. So it is not appropriate from an administrative-law perspective, in my respectful view, that we should go out and get an

opinion or form an opinion about what that section means until we have a case before us. I have heard submissions from the parties on both sides of the case as to how it might best be interpreted. Then, in the ordinary process of decision-making, we will have a tripartite process come to a conclusion about what we think the best reading of the section means.

What I was saying to the chairman was not that we would postpone a decision until we had a number of cases. I was saying that looking at it from this committee's perspective, if I could, you might be in a better position to make a good recommendation on how section 86n might be amended if that recommendation were to wait until the appeals tribunal has had the opportunity to apply the section in a number of different fact situations.

**Ms. Madisso:** You are saying that you will be hearing submissions on the meaning of section 86n. Is that what you are saying?

**Mr. Ellis:** Yes. To give a concrete example, the board has completed its review of decision 72. We expect a decision from the board of directors on 72 in the near future. If that decision is—

**Mr. Wildman:** Can I ask a supplementary question? How long has that review taken by the board?

**Mr. Ellis:** It has taken a long time, for sure.

**Mr. Chairman:** Over a year.

**Mr. Ellis:** It may well be, yes. I think, in terms of fairness, it has to be recognized that that was the first attempt to apply a very strange section. It may seem strange in the sense of novel and procedure that nobody has had any experience with. Everybody is feeling their way. Everybody is on all sides of it.

**Mr. Wildman:** Sorry I interrupted, but not that the board has completed that—

**Mr. Ellis:** —we are expecting a decision. If the decision is that, in the board's view, our interpretation of the meaning of "personal injury by accident," which is the legal issue, is wrong, then we will presumably get a direction from the board to reconsider decision 72 in the light of its determination of how "personal injury by accident" is to be interpreted.

At that point, we will reconvene that case as one of the initial issues will be what that direction means in terms of: How does it impose constraints on the appeals tribunal with respect to the meaning of "personal injury by accident"? Is it open to us to say, "We hear what you're saying and we see your reasons, but we still think you're



g," and make the same decision? Or does it mean we have to start with the board of directors' interpretation of "personal injury by accident"? Now consider, with that interpretation, what would follow in this particular case?

That issue, as to what we are charged by the legislature to do, will be an issue in the case that will have to be argued by the parties who appear in that case and we will have to make a decision about the meaning of section 86n and the relation to us in the light of those submissions. It would be inappropriate for us to have come to a process with a preconceived idea of what it means.

**Mr. Chairman:** OK, Ms. Madisso? You do look convinced.

**Mr. Ellis:** Of all the appeals which come before WCAT panels, would almost all of them have an advocate on behalf of the injured worker other than the injured worker himself?

**Mr. Ellis:** It is a very low percentage of cases in which the worker comes by himself or herself.

**Mr. Chairman:** How many would be lawyers? Any idea?

**Mr. Ellis:** The data we put out in the report indicate, I think, that for workers it is about—it varies in appendix G of the second report. For employer representation, 21 per cent would be lawyers. That would include clinic staff lawyers. For employers, the figure is about 19 per cent. So about 20 per cent of the cases would have lawyers on one side or the other.

**Mr. Chairman:** So actually a higher percentage of workers than employers has lawyers?

**Mr. Ellis:** Yes.

**Mr. Laughren:** Strange.

**Mr. Ellis:** As I say, the clinics are quite active.

**Mr. Chairman:** Amazing.

**Mr. McGuigan:** As you know, Mr. Chairman, I fought a case and won it for myself. I was not defensive. They wanted to put a great big liability on me.

**Mr. Chairman:** Since WCAT was formed?

**Mr. McGuigan:** No, before that.

**Mr. Chairman:** You would have lost it now.

**Mr. Ellis:** You would have had a lot of trouble in your place.

**Mr. Wildman:** The comments made by my friend the member for Essex-Kent (Mr. McGuigan) reminded me of comments made in another context by a very elderly and sage farmer in my constituency who had calculated how much the

Ministry of Agriculture and Food's budget is each year, how many farmers there are in Ontario and how much each farmer could get if you abolished the Ministry of Agriculture and Food and just gave the money to the farmers. It was an interesting approach.

**Mr. Ellis:** You would then have to have a tribunal to decide who was a farmer and who was not.

**Mr. Wildman:** Probably, and the lawyers would get involved.

In your answering of a couple of other questions, you alluded to a couple of areas that I would like to ask some questions about—that is, sections 77 and 21—in which you indicated that most of the decisions or a high percentage of the decisions have been decided in favour of the employer's view.

**Mr. Ellis:** I do not have the data, but it is an impression.

**Mr. Wildman:** It is my impression as well.

**Mr. Ellis:** There have been some notable dissents in that area.

**Mr. Wildman:** In determining those cases, what body of law besides the Workers' Compensation Act is considered by the tribunal?

**Mr. Ellis:** I think the area that is particularly influential, as far as the access to the file under section 77 is concerned, would be the principles of natural justice, the common law having to do with the fairness of the process and the principle that where you have two parties in a proceeding it is very awkward and unfair to have one party working with one set of documents, the decision-makers working with that set of documents and the other party having no access to it.

**Mr. Wildman:** Is there also consideration of protection of privacy?

**Mr. Ellis:** Yes.

**Mr. Wildman:** OK. How do you weigh the issue that you just raised, the fairness, to ensure that both parties have access to the same documentation, and the concern over privacy of the medical records of an individual whose records may cover many other matters, not just the ones that are central to the issue at hand?

**Mr. Ellis:** There is a question of relevancy. We do not grant access to documents that are not relevant to an issue in the case against the objection of a worker. I believe the decisions have also identified an area where, if the prejudice to a worker, from a privacy perspective, is very high, potentially, and the weight and potential relevance of the document is marginal,



the interest in privacy and not prejudicing the worker would prevail. That has not occurred in many cases.

**Mr. Wildman:** In my understanding, the Workers' Compensation Board itself, in interpreting section 77—and I am not referring to WCAT rulings, but just in dealing with cases—almost always, or virtually always, discloses. Have there been any WCAT decisions which would point the board to changing that policy?

**Mr. Ellis:** I do not think so.

**Mr. Wildman:** With regard to section 21, employer medical exams, I understand your argument with regard to section 77, that both sides should, in fairness, have the same documentation. I am still concerned about the privacy aspect, but I understand your view.

If an employee, an injured worker, has been examined by his own physician, by board physicians, has been reviewed by the board's surgical specialists and perhaps referred to an independent outside specialist by the board, I do not understand what justification there can be for allowing an employer to require a further medical examination by a doctor of his choice.

**Mr. Ellis:** Basically, we have the obligation to apply section 21 of the act, which is written in quite directory, involved language. It says, "Where an employer so requires, a worker who has made a claim for compensation...shall submit to medical examination by a medical practitioner selected" and so on. Where the worker objects, it provides for an application to the appeals tribunal to hear and determine the matter.

The tribunal's approach to this has been dictated by a reading of what the Legislature intended from that quite direct and flat language in subsection 21(1).

**Mr. Wildman:** I understand that and I think that as a committee perhaps we might like to look at section 21 and consider whether or not there should be some provision in the act for protection of the worker's privacy.

**Mr. McCombie:** At the risk of disagreeing publicly with the chairman, I do not know that the—

**Mr. Ellis:** It is not a risk he has been reluctant to run in the past, I might say.

**Mr. McCombie:** I do not know that number of section 21 applications by employer, the percentage, is that high. Certainly experience has been that a large percentage of section 77 applications has been granted, but a much smaller one for section 21. I do not know if it is automatic that an employer gets a section 21 application.

**Mr. Ellis:** We have established criteria which require a demonstration that it is important for workers' compensation purpose. We have required—again, I am trying to recall decisions—normally the order will not go in until the employer has not been able to look at the existing medical reports before making the application.

**Mr. Chairman:** Are there any other questions from members? If not, Mr. Ellis, thank you for coming before the committee. Your presentation, as always, has been thoughtful and thorough, provoking and we appreciate your appearance before the committee.

**Mr. Ellis:** Thank you very much. It has been a pleasure. If I may say so, as we were discussing in the break, it is a process that is a very useful discipline for the tribunal.

**Mr. Chairman:** On Monday, the committee will have before it the office of the employment adviser and the WCB rehabilitation people. You know, there is quite a flurry of interest around rehabilitation these days, so I am looking forward to Monday afternoon.

There is one other thing I should tell members while they are here. Next Wednesday at 11 a.m. injured workers have invited the committee—did it verbally because they did not have time to get a letter out—to join them in front of the Legislature for a moment's silence for injured workers. June 1 is a day that injured workers have used for some years now as a symbol of their plight.

**Mr. Wildman:** What time?

**Mr. Chairman:** The actual moment of silence is at 11 a.m. I have in my book 10 a.m. for the beginning of it, because they have speeches so forth. They wanted in particular to invite members of the committee to join them at the front of the Legislature.

We are adjourned until Monday afternoon.

The committee adjourned at 5:51 p.m.

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No. R-9

# **Hansard**

## **Official Report of Debates**

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Monday, May 30, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Monday May 30, 1988**

The committee met at 3:33 p.m. in committee room 1.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**The Vice-Chairman:** We have before us Mr. Mandlowitz, director of the office of the employer adviser. Mr. Mandlowitz, perhaps you would introduce your colleagues and proceed.

**The Vice-Chairman:** We have just one question, though, before we proceed. I understand it is your intention not to read the report but to highlight it. Is that correct?

**Mr. Mandlowitz:** That is right. I will walk through it.

**The Vice-Chairman:** OK. Just as a way of opening, after you introduce your colleagues, you might explain how you see your role at the office of the employer adviser in terms of advocacy for employers in Ontario. Perhaps you could introduce your colleagues and proceed.

### OFFICE OF THE EMPLOYER ADVISER

**Mr. Mandlowitz:** Thank you, Mr. Chairman. My right is Dan Revington, who came to the office as one of the original four employer advisers very early in 1986. He is currently in charge of regional services with responsibility for employer advisers outside of Toronto. On my left is Sean Ford, who also came to the office as an employer adviser last November and is currently our policy analyst.

Let me deal with advocacy for employers a little later on, but I will come back to it.

**The Vice-Chairman:** Fine.

**Mr. Mandlowitz:** As you have indicated, I do intend to read this lengthy presentation into the record. I think there are some introductory parts of it that I would like to bring to your attention and to focus specifically on the policy recommendations, as we call them, later on in the presentation.

The office of the employer adviser was created, effective October 1985, by an amendment to the Workers' Compensation Act. It was created at the same time as the office of the employer adviser, the Workers' Compensation Appeals Tribunal and the Industrial Disease Standards Panel. The OEA is a free service and a

branch of the Ontario Ministry of Labour whose budget is fully charged back to the Workers' Compensation Board accident fund. The mandate for the office, or the legislative authority, resides in section 86r of the act as listed on page 1 of the submission.

The objectives are as follows: to ensure the workers' compensation system in Ontario provides fairness and is sensitive to employer requirements; to provide a voice for employers within the WCB and WCAT claims review and appeal process; to acquaint employers with the full range of WCB and WCAT practices; to provide employers with direct representational assistance on WCB and WCAT issues and at their hearings; to communicate employer/workers' compensation concerns to legislative and administrative authorities; and to educate employers on the full range of the workers' compensation statute, regulations, policy and procedures to facilitate employers helping themselves and dealing with WCB and WCAT.

At its inception in October 1985, the office was located only in Toronto with a staff of eight, four of whom were advisers. It had a half-year operating budget of \$200,000. As of this point in time, we have a staff of 27 in offices in Windsor, Kitchener, Sudbury, Ottawa and Hamilton. That is broken down for you on page 3 of the submission. The total budget for 1987-88 was \$1,547,000.

Let me go on—and this will link up, I think, to the question from you, Mr. Chairman—to talk a little bit about client service and about client evaluation of our service. Service demand on the office of the employer adviser has increased dramatically since its inception. In the period October 1985 to March 1986—that was that first six-month period with the \$200,000 budget—we serviced 750 employers.

In our first full year of service, 1986-87, we serviced 3,960 employers. In the fiscal year we have just completed the OEA serviced about 8,000 employers through our advisory program. Table 1 located between page 5 and page 6 breaks down our service demand by contacts, files and office and does some trend-line analysis for you.

For 1987-1988, the increase in employers seeking OEA service will be 101.5 per cent. In addition to 8,000 employers serviced by our



advisory services, we will also have in process slightly over 2,000 case files. The OEA will have served as employer representative in just under 200 hearings before either the WCB or the WCAT and will have reached 2,000 employers through about 50 workshops across the province. In addition to those workshops, we did about 160 other external public events. Approximately 10,000 employers will have been reached directly through our service in 1987-1988 and about 17,000 since the office was established.

The most interesting and significant part of the demographics of the client group is that it is essentially small business. About 75 per cent of our demand emerges from firms with under 100 employees. I think that is consistent with the debate the Legislature conducted on the issue and its expectation that we would essentially be servicing small firms in Ontario.

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In July and August 1987, we administered an in-house client survey looking at Metropolitan Toronto area clients. We surveyed about 115 employers by phone on a random basis. This was a prelude to making a decision about going to the expense of a more scientifically based survey. I think the results were interesting, and obviously the results must have been good or I would not be tabling them today.

We asked employers how they had learned about us. We know that about one half learned about us through their trade or business association, about 15 per cent from the media and about 18 per cent were referred to us directly by the Workers' Compensation Board. The full details of this survey are in appendix 1.

We know that about two thirds of employers who came to us had a claims-related problem, either wanting to challenge the entitlement of a worker or the extent of the entitlement. About one fifth of employers had assessment or classification problems, things such as: "I am in the wrong rate group. Get me out of here and put me in a rate group where I really belong." The overall average that service rated at was an A minus. We simply asked employers to score us on a scale of A to F and we recorded that.

The remainder of the survey indicates the type of assistance that was provided. It is interesting to note that 94 per cent of respondents indicated they would use the service again and 37.5 per cent indicated we had saved them some money, with slightly over 40 per cent unsure as to what our success had been because the case was still pending. If you juxtapose that experience, it

would be about 50 per cent of employers that deal with that we can save some kind of money.

Given the positive response in the survey, we have tendered and will be awarding a contract to an outside consulting firm to administer a province-wide market penetration study to better access our performance and provide critical data for strategic planning purposes. I am particularly interested in the results that will be coming from the eastern and northern Ontario on that. I think we have a pretty good feel for Toronto and southwestern Ontario.

In terms of education, the office of employer adviser education and training program underscores the program's objectives to facilitate employers to help themselves in dealing with the WCB and the Workers' Compensation Appeal Tribunal. The education approach consists of publications, workshops and an internship program.

We have prepared three brochures that are available and that have already been mailed to members' offices. That was done in March. The three are a general brochure entitled *Advice to Ontario Employers on Workers' Compensation*, a specific brochure on double assessment and a brochure on the workers' compensation appeal process. These brochures are available in English and French, and about 80,000 have been printed and distributed since we have been in business.

In addition, we do specific information bulletins, again in English and French, on a number of select issues such as reporting techniques, reclassification and earnings and wages for Workers' Compensation purposes. On the drawing board for this year are additional publications to deal with issues such as the second injury and enhancement fund, obtaining a firm account and tips for employers so they can represent themselves at hearings.

This is where I am not going to walk through the submission but rather run through it. I am going to disregard page 10 and I am going to disregard all the good things we have done in policy development. We have listed 10 kind of issues that we take a role in, from responding to the board's call for a paper on hearing loss to specific recommendations and positions we've put to the board, such as invoking subsection 9(2) of the act.

Generally speaking, when we do policy, we regard ourselves to be advocates for employers. Our information comes from two sources. One is our clients, who come to us with particular problems and say: "Here's the particular problem, but here's the issue. Can you do something about the issue?" The other source is three

consultation on an ongoing basis with business and trade groups representing employers. We do consultations with individual employers and with associations on a regular basis.

We are now in the middle of a travelling showcase which has already been to Windsor and Kitchener and will be in Hamilton and Ottawa this week and then go to Sudbury, Thunder Bay and Sault Ste. Marie in the weeks following. We will see about 200 employers to ask them what is happening and how we can be of help to them.

In addition to our own work, obviously, employer groups are making their Workers' Compensation Board views known. To try to get a feel for the activity level of the clients, in August and September 1987, we prepared and mailed a survey to business associations. We targeted 45 major associations for the survey.

The full results of the survey are in appendix 2. The response rate was about 50 per cent. I think associations responded, representing 65,000 Ontario employers. What was interesting about the result, from my perspective, was that 95.2 per cent of respondents indicated workers' compensation was a significant problem, with 83 per cent indicating it was a minor problem. Only one indicated it was not a problem.

On page 13, we have listed the nature of the problem simply by totalling up the responses by employers. Claims comes out ahead, assessment second, general costs third, and you can follow it down to definition of accident, return to work, chronic pain, Workers' Compensation Appeals Tribunal and so on. I will leave those survey results with you. The other sections of it were to get a feel for the nature of the representation at the levels of lobbying that employers engaged in through their organized structures.

A number of comments or observations can be made with respect to the 1986 annual report of the board. I am not going to go through all of them, but will just table some of the things we find interesting in the data. First, significantly, while the total claims in 1986 and 1980 were about equal, many more lost-time claims were approved by the WCB in 1986. It seems to us that the WCB is instituting and awarding benefits on the doctor's first report and then requiring additional information from the employer and/or worker. In 1986, 86.4 per cent of claims were instituted on the doctor's first report were paid within 10 workdays and 97.7 per cent within 20 workdays, compared to quite significantly reduced data for 1980. That is point 3 on page 15 of your information. More awards are being

granted on less complete file information, we believe.

Average duration on benefit has increased from 23.4 workdays in 1980 to 35.7 workdays. That represents an increase of 52.6 per cent. Further, WCB review services are reversing more decisions taken at lower levels. We will speak to that in a recommendation later.

The final two points I would make on the board data are first that the financial statement in the annual report makes no provision and contingency liability for WCAT decisions; this will be a noteworthy factor to watch in a WCB annual report for 1987. Similarly, the financial statement could not have made provision for new WCB policies and their impact on liability such as chronic pain. It is just working its way through the system. These kinds of costs data, I think, will be very noteworthy and significant factors for future WCB annual reports.

I am trying to get through that background quickly to get to the real reason we are here now. Most of you have already read the executive summary, so I can proceed, but just for your convenience, the recommendations that follow are summarized in the executive summary, which is the preamble to the document.

#### 1550

Employers in Ontario, and the office of the employer adviser, generally support the fundamentals of a legislated workers' compensation system. I can honestly say I have never heard an employer who has said, "Scrap workers' compensation," or, "Return to tort liability." I have not heard a union that has said, "Return to tort liability" either, but I do not speak to them quite as often. Much of the 1915 accord is relevant today and should continue to form the basic underpinnings of a workers' compensation approach in the province.

Workers' compensation principles include the following, and this is by no means an exclusive nor a prioritized list: (1) employers should fund what is a fair and affordable system; (2) speedy adjudication and the provision of benefits to workers injured in the course of and related specifically to employment; (3) sensitive and meaningful investigation of questionable circumstances surrounding a claim; (4) guaranteed access and meaningful responses from workers' compensation delivery agencies; (5) guaranteed avenues of input to the evolution and development of policy in workers' compensation issue areas; (6) accurate and proper classification and assessment of employers, including merits and demerits and experience rating; and (7) swift and



humane workers' compensation rehabilitation to facilitate early, early, early return to work.

In the administration of the act over the years, the Workers' Compensation Board has developed a body of policy and procedures, only a portion of which is published and readily available to stakeholders. By that, I mean the six policy binders that are available and can be purchased from the board, and of course the act.

The overwhelming majority of board policy and procedures have been developed in a vacuum; that is, without prior consultation with stakeholders. The policy process at the WCB has tended to be one of notification, not consultation. By way of example, I point to the chronic pain policy and the issue of retroactivity which emanated from the chronic pain debate. As a result, the employer community has registered its dissatisfaction with many of these policies.

The remainder of this section focuses on policy concerns most frequently articulated by employers to the office of the employer adviser regarding the Workers' Compensation Board. I want to stress that this is not a list that we magically created walking one day on the street. These are the issues we hear about most frequently from employers. I will be glad to flesh them out by way of question and answer later. Again, they are not in a priority setting; they are just listed in a logical fashion.

Let me deal with the administration and claims issues at the board.

1. Disclosure of information: The board has taken the position, at least in exchanges of correspondence with us, that disclosure of information is limited and where powers beyond section 77 exist, they do so under section 81. This includes insurance records, Ontario health insurance plan information and so on that would be relevant to the adjudication of occupational diseases, benefits generally, second-injury relief situations and so on. Under section 81, disclosure would occur at the hearings level only and form an inquiry-type situation, mitigating resolution of issues in dispute.

As a result, critical to the issue of disclosure and board powers to compel production is legislative intent. We submit that powers to disclose information, as we pointed to above, already are provided by the act to the board.

Without adequate disclosure and production, various sections of the act, like section 122, the occupational disease section, would be rendered meaningless. This was also recognized by the previous standing committee on resources development through the following recommendation

as part of its report on the WCB annual report 1985, "The Board should ensure the effectiveness of the system by obtaining all relevant information and evidence prior to the initial adjudication of a claim."

**The Vice-Chairman:** Sorry. Do you understand that to mean full disclosure, as well?

**Mr. Mandlowitz:** No.

**The Vice-Chairman:** OK.

**Mr. Mandlowitz:** Clarification of the legislative intent in this regard would be greatly appreciated.

2. Hours of service: In order to provide better service to its clients who may be unable to access the board during current regular business hours we are proposing that the board extend its business hours in all locations to one evening a week, remaining open to 10 p.m., and that this be introduced as a pilot project by location for one year, beginning in 1989. We have heard, for example, from independent loggers in northern Ontario or small contractors anywhere in Ontario. They have a particular focus during the day and it is not dealing with government. They would like to have an opportunity where they can get the information they need on their own terms.

If I could go off tangentially for a second, it is interesting that we get a tremendous number of wrong phone numbers and a lot of them right belong with employment standards. It is not our employers who call us; it is workers with problems as well whom we refer to the employment standards branch. They have the same problem. They have difficulty, particularly with workers, making the phone call to the board or government when they want to; i.e. the quiet time they might have on the phone in the office is during lunch and it is difficult to get hold of some of us at lunchtime. This recommendation, I would suggest, is broader to the operation of government generally. Your question to me would we be prepared to duplicate this kind of service? The answer is yes.

3. Head office toll-free telephone service: To facilitate employer concerns regarding consistent board information on financial and revenue matters, we are recommending that the board implement as soon as possible a head office province-wide, toll-free telephone line to provide employers with consistent information on financial and revenue matters. It is a major area of importance, particularly at the beginning of the calendar year when the employer's statement of payroll goes out and small firms need assistance in dealing with that kind of information.



4. Publication of WCB classification manual: Currently, the board publishes six policy manuals that are critical to an understanding of adjudicative and other processes. Employers have indicated a critical business and administrative problem is the board's classification system, administered by field staff.

To assist employers in ensuring that they are properly classified, it is essential for the board to prepare and publish a classification manual, which should be made available on a top-priority basis. Often, a classification problem begins when a company is established, and it never goes away. To ensure a minimum of initial classification difficulties, we recommend that the board establish a target for new firm, on-site, classification reviews, particularly for employers with multiple product lines or diverse service capabilities.

5. Reorganization of review services at the board: The appeal process respecting workers' compensation is cumbersome, lengthy and costly for claimants. Within the board, multiple levels of appeal are available, including two written appeal avenues, one to the adjudicator and one to a decision review specialist. It is our view that a decision review specialist is redundant and that a single written appeal opportunity is adequate. After a claimant has been denied by the claims adjudicator and a subsequent written appeal has been considered and denied, the claimant should move directly to a hearing. I stress the word "directly" should be stressed.

Decision review specialists should be reallocated to the role of adjudicator. This reflects our thinking, as well as the principle enunciated in the 1985 standing committee report, which said, "Clearly, decision-making at the primary level is in need of dramatic improvement." Let's move beyond that. That is really what we are asking for, but if that makes sense to you, I think there is also a powerful argument to be made for thinking about amending the hearings officer level as well.

Subsequent to the reconsideration of the claims adjudication level of the board, there is no reason to delay both determination of entitlement and other considerations through a lengthy board process. Logic would dictate that justice can be served and be seen to be served by a sensitive initial adjudication process—get the decision out the first time—using an integrated service approach with one level of appeal followed by leave to appeal at the Workers' Compensation Appeals Tribunal.

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The 61 staff now employed by the decision review branch and the hearings branch together, at an annual cost of about \$4.5 million, could be redistributed among the integrated service units to both improve adjudication by bringing senior Workers' Compensation Board staff to the claims adjudication process early on in the life of the claim, and by quickly adjudicating a claim with more experience and accuracy, thereby enhancing an early rehabilitation approach. We have some difficulty reconciling discussions and agreement on early intervention with a very lengthy appeals process which, in our experience, could go three years.

Further, the previous standing committee on resources development recommended, and I believe this should be adopted, as follows: "To ensure that the workload at the claims adjudication level is properly handled, the case load of individual adjudicators should not be affected by factors such as inadequate staffing, vacation periods, illness, etc. In addition, the board should endeavour to organize matters in such a way that files do not move from adjudicator to adjudicator." That is dead right, and I think we will all be watching the integrated service unit approach to see if that is the answer to this problem.

I am going to keep going, and if there are no questions on this issue, I would like to return to it because I think it is significant.

6. Notification procedure: The employer community has criticized board notification requirements as arbitrary and confusing. For example, the provisions of section 121 of the act are inconsistent with the WCB's "Employer's Report of Accidental Injury or Industrial Disease." This is commonly referred to as form 7. As a result, a debate across the province has emerged respecting how to notify the board in cases of workplace incident. If the board is to retain a single form for notification, we propose a number of changes to it.

I should say, incidentally, that form 7 is part of the package and is in appendix 3. It is reproduced as two pages. For those of you who are familiar with form 7, you know it is one leaf printed back to back.

1. The current form 7 should be lengthened to accommodate greater space to report details.

2. The current form should be available in English and French.

3. It should be in keeping with information requested in section 121.

4. An appendix should be provided by the board as an add-on to the form so that an employer can provide full details of an inspection. I would cite for you that on the form itself, at the beginning of the third section, there is small print which says that if the employer responds yes to a number of questions, he is invited to "attach a letter if necessary." I would like to see that letter replaced with an appendix where the employer can indicate on the same package exactly what the nature of the problem is.

5. This form, in its current publication, is part of the employer's sense that the board has a blank check to pay claims, and part of that evolves, I believe, from the title of the form. It is called "Employer's Report of Accidental Injury or Industrial Disease." Employers are telling us that this indicates to them they are reporting something even if in fact they do not believe there was an accident, or even if they want, through a couple of the questions, to indicate they are questioning the legitimacy of the claim. To accommodate that concern, we are recommending you simply change the name of the form to "Employer's Statement." That makes it far more neutral.

6. The position of the claim number, which is very prominent on the claim form—in fact, it is right beside the title, again underpinning this notion that we are reporting something whether we believe it or not and it is going to be paid because they are putting a claim number right up front—can be very easily dealt with if the claim number is put at the end of the form, in a shaded area, as with most other forms.

7. Finally, we recommend carbonless paper be utilized to allow the employer to keep a copy of the report. That would be particularly useful for small firms that do not have photocopying facilities.

Those are seven cosmetic and very simple recommendations to make the form appear to be a more objective document. It is our recommendation that the board should strike a working group to redesign its notification requirements beyond this and that this be done with stakeholders.

7. Employer notification, again section 121: Currently, the act and board policy differ in so far as the act provides for an employer to notify the Workers' Compensation Board of an accident three days after learning of the same, whereas board policy provides up to 10 days.

We recommend that employer notification should be three working days after the employer

is made aware of the occurrence of an accident injury or occupational disease.

8. Doctor's first report to the WCB: This is commonly referred to as form 8, and among employers has been criticized as inadequate for the proper adjudication of a claim. For example, employers tell us, and we have seen it in files, that a patient's medical history is never provided. Such information is critical to the adjudication of an occupational disease claim. It is important in the treatment of nonoccupational disease claims as well.

We would recommend that the Industrial Disease Standards Panel review form 8 and provide revision, pursuant to clause 86p(7)(c) of the act.

We note as well the previous recommendation of the standing committee on resources development, "The board should strengthen its role in undertaking a full investigation when an industrial disease claim is presented."

9. Access to WCB information, worker's claim file: Currently subsection 77(1) of the act allows a worker complete access to the worker's file. Subsection 77(3) allows an employer access only to copies of records relevant to an issue in dispute. Subsection 77(7) provides that an employer shall receive any medical information except in a form calculated to prevent information from being identified with a particular worker, and subsection 77(8) provides that those employers in violation of subsection 77(7) who have committed an offence under the act have been committed.

We recommend that complete and full disclosure be given to the employer, similar to that given to the worker, with the understanding that available information is to be used for the purpose of a compensation issue only, not certified by an employer-signed undertaking. An employer violating such an undertaking would continue to be in violation of subsection 77(8) of the act.

**The Vice-Chairman:** Surely, though, you could just ask a short question for clarification: Is the worker is being given full disclosure of himself.

**Mr. Mandlowitz:** Yes.

**The Vice-Chairman:** It is a somewhat difficult situation from the employer being given full disclosure about another individual.

**Mr. Mandlowitz:** What we are seeing in the files, though, is information that is relevant to the specific claim. I do not believe we have seen a great deal of information which is pertaining to the particular issues that have been identified in dispute in any case.



10. Occupational disease schedules: Currently, the act provides for schedule 3 and schedule 4 listing compensable occupational diseases. The act has an incomplete schedule 3 and no schedule 4.

We recommend an updated schedule 3 be provided, either in updates to board policy manuals or accompanying annual assessment notice mailings to employers, and the employers should make this new information readily available to workers.

11. Notice of accident: Currently there is a conflict between the act and board policy pursuant to subsection 70(1). The act provides that compensation or health care is not payable unless notice of the accident is given and unless a claim is made within six months from the happening of the accident. Board policy, and we have cited the notation for you on page 27, stipulates the claim may be made six months or more after the happening of the accident. The question arises as to whether a statute of limitations is envisaged by the act.

We submit the need for legislative direction to reconcile this matter.

12. Serious and wilful misconduct: Currently, there is a conflict between subsection 3(7) of the act and board policy. The act specifies, "Where an injury is attributable solely to the serious and wilful misconduct of the worker, no benefits or compensation are payable unless the injury results in death or serious disability." Board policy stipulates that "a serious disablement is where more than six weeks' temporary total disability is seen or where a permanent disability is evident."

13. We submit the board policy is inappropriate if it differs from legislative intent. The board should be provided with legislative direction regarding the adequacy of the six-week rule in light of an overriding commitment under the act, as we read it, to prohibit benefits in cases of serious and wilful misconduct. We will move into some assessment and cost studies.

13. Voluntary employer deductible: Research has already been conducted and discussions held with employers on the issue of a WCB voluntary employer deductible. This is a complex issue but already in place in the Quebec system. We recommend that the board in Ontario study this report within one year on the feasibility of integrating a voluntary WCB deductible into the current Ontario system. That would operate

essentially as you conceive of the current deductible and personal auto insurance.

14. Filing deadlines: To respond to complaints and concerns from small business and multi-establishment employers who currently experience problems fulfilling the T4 federal filing deadline and the WCB filing deadline on the same day and where this is now applicable, given some of the changes and pilot projects of the board, we recommend that the WCB filing deadline be extended two weeks.

15. Third-party cost recovery: This is a lengthy section. Let me summarize it briefly and you can read the details. We are seeing situations—and they are by no means epidemic, but there are enough to drive us into levels of concern—where a claim is established as a result of a third-party accident, for example, and the board will settle very quickly with the private insurance carrier, say, two months after the incident.

After two months, many of the workers' compensation cases do not plateau. Medical assessments do not occur. Pensions are not assessed. So we find that when the total bill for the third-party issue is added up, it can be significantly higher than what the board has recovered, because, we believe, it acted too quickly.

We are in a case now where I can give you tangible numbers but not the name of the employer. After two months of the claim, the board, without consultation with the employer, settled for \$22,000. A year later, the total bill was \$76,000, the \$54,000 being attributed to the accident fund. We are very concerned about this growing tendency of the board not to fully recover costs. That is not even a benefits issue; it is a good business issue, and I think it has impact on the integrity of the accident fund.

16. Second injury and enhancement fund: This essentially recommends that a second injury provision be codified, that it be put in the act. Currently it resides only in the realm of board policy, and we have given you some wording that we hope you will look at to guide you. Board policy on the second injury relief fund should be developed in consultation with the employer community in schedule 1, which is the only part of the employer community available for SEIF.

17. Treatment of contractors and subcontractors: We do a lengthy background paper with recommendations in appendix 4. I raise it here as a concern. I do not want to speak to it except to say that I think it is something that the



construction industry and the board must deal with. If you want to pursue that further, we can.

18. Employer penalties under section 91: There are quite a few of them. Under subsection 91(4) of the act, the board has historically been allowed to penalize employers in the general area of health and safety where there was risk in the workplace to workers. That section of the act has newly been elevated to the level of policy by the board, without equally elevating subsection 91(6) of the act, which is the mirror image merit to employers where they have done these things. This recommendation suggests that the board does not have a choice, that it must elevate subsections of the act to the level of policy and administer them.

**The Vice-Chairman:** Perhaps for the benefit of the members you might relate that to the experience rating system.

**Mr. Mandlowitz:** OK. It is quite different from experience rating. It is a unique penalty, so it is not linked to experience rating at all. Aside from assessment rates, there are three general additional penalty merit sections. One is experience rating, and I believe approximately 53 of 109 industry rate groups are now experience rated.

In a nutshell, a rate group will have its frequency-cost retrospective experience—and in some cases future experience—evaluated. An average score will be determined: Every employer who does better than average can get some money back and every employer who does worse than average can pay some additionally. That is experience rating.

Subsection 91(7) of the act provides for double assessment. That is quite unique. The health and safety authority for penalties in merit resides with subsections 91(4) and 91(6). To give the board credit, we now understand that it is developing policy for subsection 91(6). I know that because I met with them a week ago to begin to talk about it. We raised the recommendation because we want to ensure that they do it, and I am assured in writing that they are moving in that direction. I think that is exactly where they should be. We will be watching to ensure that subsection 91(6) is approved by the board of directors of the WCB. I simply do not think they have a choice. It is in the act and one must scratch one's head when one learns that those sections have never been used.

19. Subsection 91(7): Currently the WCB may penalize an employer under subsection 91(4), the health and safety section, and subsection 91(7), the double assessment. Subsection 91(8) of the

act allows for employer relief pursuant to subsection 91(4), but the act is silent on subsection 91(7) relief. The board does relieve on the basis of policy, but I think we would be a bit more comfortable if we saw that in statute. We are almost finished. There are four to go.

20. Stacking of benefits: Further to the work of Paul Weiler, we recommend, and I think the board endorses this, that no stacking of benefits be permitted.

21. Board recovery of overpayments: A significant employer concern has been that WCB has been unable or unwilling to aggressively to recover benefit overpayments, particularly in cases where fraud was successfully prosecuted. This issue is significant and merits consideration as regards new legislative action. It seems to us that the board currently does not have the legal recourse it needs to pursue overpayments, specifically in fraud cases, and we would like the board to have that authority.

22. Early warning system: I highlighted my recommendation 22 last year. We believe significant attention has to be given, beyond what the board is doing now, to the adequacy of its communications and consultation with stakeholders. We recommend that a formal structure be established whereby early publication of proposed changes by the board or new policies that it is coming forward with, board regulations and board administrative guidelines, occur and that they be published at least semi-annually in the Ontario Gazette.

We also suggest that for each new or changed issue information be printed in the Gazette indicating: why the change or new policy is required; the impact on labour and management; research done on the issue; a WCB committee co-ordinating the review of the issue; the phone number and name of the contact, and the proposed date the policy has been set for implementation and effect.

The board would be prohibited from implementing these changes or new issues pursuant to the schedule established in the Ontario Gazette allowing a minimum of three months for input from interested parties from the time of Gazette publication to the policy implementation date. This is very similar to the federal government's regulatory agenda.

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23. Classification of employers based on risk: One of the first questions we have to address when an employer puts an assessment question is that classification is on end product, risk. Nevertheless, I think the employer com

y has raised a valid concern regarding the classification of employers in rate groups based on the level of risk. There are a couple of recommendations specifically from clients which I table today:

1. The board should set up an experimental annual review process to ensure that companies with substantially different business operations and different levels of risk are not included in the same rate group. If you look at the current table rates, you will see some rate groups that have a large mishmash of employers, and logic does not indicate that they are doing the same business or necessarily should be in the same rate group.

2. The two target industries for priority review should be, first, the food and convenience retailers and, second, retail picture framers. They are both small firms which are put in rate groups with other kinds of industries and other large employers and have some difficulty being reviewed.

The final word I would say is just to take you through the appendices. Appendix 1 is the client survey I made reference to. Appendix 2 is the results of the employer adviser association survey I made reference to. Appendix 3 is a copy of form Appendix 4 is our background paper on contractors and subcontractors in the construction industry. Finally, appendix 5 is our provincial update, for your information, on the number of employers we have serviced and that kind of thing.

**The Vice-Chairman:** Thank you very much. You have done an admirable job of getting through a heavy load of material quickly. We do not have a great deal of time. I suggest that we should be open now for questions. If we do have time remaining that would give the opportunity for the Employers Advocacy Council, then we will do that. Members, any comments or questions?

**Mr. McGuigan:** What has been your experience, or can you shed an opinion on the system whereby the directors of the corporation can overturn decisions which are made by lower levels? What is the right name of that group, the appeals panel—who—

**Mr. Mandlowitz:** By the Workers' Compensation Appeals Tribunal?

**Mr. McGuigan:** Yes. What is your experience there?

**Mr. Mandlowitz:** This has been the question the committee, I note, of all the witnesses who have been here. It is section 86n and other related provisions.

**Mr. McGuigan:** Right.

**Mr. Mandlowitz:** Let me preface it by saying that we have not surveyed our clients on the issue, so I will speak anecdotally. I think employers really want some finality in the process and I think workers do too. We have seen, and you can see it in the WCAT data, that from input to output, not just the WCAT but in the system, is a horrific length of time. We try to keep data on that length of time. When I say three years, I am not exaggerating at all. So I think there is a real call for finality. The issue of how that finality should play itself out is really behind the question of section 86n.

Again, I am going to try to answer it anecdotally. My experience talking to employers is that they believe the policymaker in the workers' compensation arena is the board and should be the board and, therefore, if there is finality, it should rest with the board.

**The Vice-Chairman:** Is that it, Jim?

**Mr. McGuigan:** Yes. That is all I wanted to know.

**The Vice-Chairman:** Any other members?

**Mrs. Grier:** I am interested in that it appears your advocacy goes way beyond just dealing with individual claimants. You are talking about policy and attitudes and things, yet my understanding of the workers' advisers is that they very strictly deal with the individual and the claim, rather than assisting the workers in advocating on behalf of policy changes or dealing with policy changes that may be promulgated. Could you comment on that and explain that difference to me?

**Mr. Mandlowitz:** I agree and I disagree. I think that both offices are involved in advocacy within the context of individual claimants, and that means not only seeking to bring new evidence to a hearing but also advocating on the nature of how the act should be interpreted and how board policy should be interpreted. I have sat in a number of meetings with Mr. Di Santo, who is my associate, and I can tell you that both of us do advocacy. On some issues I win and on some issues he wins. You win a little, you lose a lot.

But I think it should be clear—and I am just going to explain my interpretation of the two offices—that the individual employer or worker adviser is essentially a claims manager, and where advocacy takes a greater role it resides in other staff in the two offices.

For example, while we have a policy analyst, the Office of the Worker Adviser has a group of



individuals under Alec Farquhar to do research, to provide advocacy support and research support for worker advisers and, clearly, they go forward with policy kinds of issues. In my judgement, it is quite clear that they have a structure that is in place to do that. I have sat on too many committees, with Alec particularly and with others, not to believe that is not the case.

To understand our structure, there are people who spend 100 per cent of their time assisting the clients and other people doing this kind of work.

**Mrs. Grier:** You may not be the appropriate one to ask, but I do not know whether they have asked their clients to do an evaluation survey of their services. Do you know whether they have?

**Mr. Mandlowitz:** I am not aware that they have.

**Mrs. Grier:** Say, to compare their ratings to yours.

**Mr. Mandlowitz:** I am sure they would get an A rating.

**Mrs. Grier:** Can I ask a couple of specifics on some of the points I did not understand as you went through the brief?

**Mr. Mandlowitz:** Sure.

**Mrs. Grier:** On page 15, where you say more awards are being granted on less complete file information, is that a critical comment or merely an observation? What was your intent there?

**Mr. Mandlowitz:** Both. I would say it would not have been unusual 10 years ago to have the board not approve a claim unless there was a statement in the claim by the worker and/or the employer. Today, quite typically, a claim is established without a statement of information from the employer, and that is where I mean it is inadequate. The employers—

**Mrs. Grier:** When the initial claim is made, surely the employer then comments on the issue in his description of the incident.

**Mr. Mandlowitz:** Yes, on occasion.

**Mrs. Grier:** But you talked to us about the letter that could be added in that particular form. Is that not the employer's chance to say what his or her opinion is?

**Mr. Mandlowitz:** Yes. What I am saying is that employers today are receiving form letters from the board indicating that a claim has been established and approved, because it has been reported by a third party other than the employer: "Now we need your information." That is quite different from what had historically been the case where the board had more information before it approved the entitlement initially.

**The Vice-Chairman:** If a claim is accepted then surely the employer is in trouble for not having filed a form 7.

**Mr. Mandlowitz:** The employer is not always aware of it. Can I give you an example? Say I am on a shift that ends at 4 o'clock and I experience some pain at ten minutes to four, I work the minutes—

**The Vice-Chairman:** Then you feel bad Saturday.

**Mr. Mandlowitz:** On Saturday I go to the doctor, I am in the emergency ward and I do not report in Monday morning. The doctor may have already initiated the process, and I may leave about it on Tuesday. It is that kind of process.

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**Mrs. Grier:** Is a claim ever approved too fast?

**Mr. Mandlowitz:** Sure.

**Mrs. Grier:** In your indication about expanded service, hours of service and a toll-free telephone service, are you suggesting that it is merely for your clients or that that be broader for all clients?

**Mr. Mandlowitz:** I am asking for it for all clients, but the board has two client groups. I suspect if the board is going to have a toll-free line to extend service, it would be open to all client groups.

**Mrs. Grier:** So MPPs could phone in any time of the day or night for information.

On page 26, where you talk about subsection 77(7), on this whole question of more information, you suggest that if it were abused, the employer would continue to be in violation of act as per the current subsection 77(8). What happens? Are there ever any penalties against employers for violation of that section? Is there a meaningful penalty or deterrent?

**Mr. Mandlowitz:** I will turn it over to Mr. Revington for comment.

**Mr. Revington:** To my knowledge, the employer has been charged under subsection 77(8) yet. In fact, my understanding is that the Workers' Compensation Board is of the opinion that medical information can be released by the employer to an employer's doctor.

**Mrs. Grier:** I am sorry. Medical information can be released by an employer?

**Mr. Revington:** By an employer to the employer's doctor for review of that information. Other than that, employers, to my knowledge, have been very strict about how they release information, beyond obtaining an immediate



medical opinion to assist them in understanding the way the board has paid an appeal or has paid a claim.

In fact, there have been cases of the tribunal trying to define just what the ramifications are of subsection 77(7) and 77(8). Where it has been left is that, I suppose, some day an employer may be charged for disclosing this information and then can come before the provincial court to determine what are the parameters in which employers can deal with medical information that they get from the board.

**Mr. Miller:** In terms of the things we are dealing with, perhaps 94 per cent are claims that are dealt with directly with no problem. About 6 per cent are the ones that are really dealt with on behalf of the employer. Sixty-seven per cent of your workload is in that area.

What percentage of claims is not found to be legitimately injured while on the job? I know we get calls. As members of the Legislature, we get those cases, and they cannot prove when the accident happened. Was it at home? Was it after the fact? It was not reported properly. Then they come out on a limb. Do you have any figures on the cases that are not accepted under the plan.

**Mr. Mandlowitz:** Not legitimate—is that the question?

**Mr. Miller:** Yes.

**Mr. Mandlowitz:** I have not seen any data on that. It is very difficult to define.

**The Vice-Chairman:** To be fair, we can get a kind of information from the Workers' Compensation Board.

**Mr. Mandlowitz:** There will be employer reports before you. It might be a good question to ask them as well, just to compare it with what the board might give you. I suspect, when you cut through all the hype, it might be in the order of 10 per cent. I think the reason the abuse factor gets attention is that it violates some of the fundamental principles that both stakeholders bring to the support of workers' compensation. In the individual case gets a lot more attention.

I suspect, generally speaking, we see quite a different clientele to what the average member sees. When an employer comes to us, he is concerned about a questionable claim. I have always suspected that those you tend to see are primarily the workers who have been undercompensated. Those who do not understand how the system may feel they are being used by the system, that there is a delay and so on. Those are not the workers our clients are concerned about; those are the legitimate cases. It is the

abuse case that really drives the employer crazy. I often wonder if we are talking about the same worker.

**Mr. Miller:** I think I am talking about the same thing because we listen to the employer also, and there is the odd occasion that the employer will challenge the fact of where the injury took place.

**Mr. Mandlowitz:** There is no question that it is very difficult to prove fraud, to prove serious and wilful misconduct, given the board's rules. We are seeing more and more employers out of frustration being driven to use private investigators. I think that group is the group you are talking about, too.

**Mr. Miller:** What really concerns me is when they get in the position where they do not have any income, whether he was injured at home or while playing ball or playing hockey. There are no benefits and the only alternative they have is to turn to welfare assistance. It seems that the employer is concerned about the cost of his operation, and it is a matter of getting that balance. I do not know if you are in a position to make any recommendations on how we might deal with that, but you are representing the employer and we as the members represent the general public. I hate to see anybody have to go to welfare because I think it is very demeaning that one has to do that.

**The Vice-Chairman:** May I suggest, Mr. Miller, that we let the representative from the Employers Advisory Council come before us now as we seem to be running out of time.

**Mr. Mandlowitz:** Could I make one final point? I really want to go back, and not to just pass it, to the recommendation regarding reorganization of review services at the board, recommendation 5, where we suggest to you that we think decision review specialists are redundant. I would like to underpin that with a comment, because I think the board agrees. If they agree, I think we might be able to assist them here.

Let me read from a document entitled Report to the Board of Directors on the Implementation of the Interim Chronic Pain Disorder Policy. It is a board report. As far as I am concerned, it is public. If I have it, it must be.

The final paragraph on page 4, under the heading "WCAT files pending adjudication under CPD policy," says the following:

"The board has established internal procedures to ensure that these cases will be dealt with as expeditiously as possible. In order to shorten the board's process, it has been decided that none of

the claims returned from WCAT will go through the decision review stage upon objection. All CPD pension cases will go directly from claims to the hearings officer and, if required, then back to the tribunal."

This document is saying essentially what we said, and you could probably keep us both happy; you are going to talk to rehab later. I really believe, as we spend more and more time trying to grapple with the intricacies of the system, that we need to make it simpler. If we can reduce levels of appeal—and we can take employers through nine levels of appeal—we will have done both claiming groups a service.

**Mr. Miller:** It is very time-consuming.

**The Vice-Chairman:** I think Mr. Miller had one other question. I would like to ask if we can have that document.

**Mr. Mandlowitz:** Sure. I would be glad to give it to you.

**Mr. Miller:** I guess the other one that concerns the employer is the fact of assessment, the legal assessment, the higher rate. Another reason for using your services is to protect the employer from an increase in assessment. Have you been successful in pulling that together, to protect that assessment?

**Mr. Mandlowitz:** The only way you can reduce assessment rates is to convince the board artificially to keep them low, which is in no one's best interest, or to prevent accidents in the first instance so that the amount paid out is reduced—and we do not do accident prevention—or to successfully overturn inappropriate claims, which we do.

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Since we have been in business, we have probably saved employers in the neighbourhood of \$25 million in direct savings. That is a substantial saving, but in a system that is paying out \$1.3 billion in benefits per year, you can see we need to be doing substantially better than that and employers generally have to be overturning a huge number of claims if they are going to offset the increase in assessment rates. I do not think that is the operative end of it. The operative end of it is obviously preventing the accident from occurring in the first instance and reducing the cost of the system by getting the person back to work when he or she is able to return to a suitable and available job.

What we have been successful in doing is convincing the board to reclassify employers on a case-by-case basis so that they are in the properly assessed rate group.

**The Vice-Chairman:** OK. Perhaps we could have the other gentleman come before us. I think it might be useful, Mr. Mandlowitz, if you would stay at the table. There might be some questions.

**Mr. Mandlowitz:** Sure. I will move off and come back then.

#### EMPLOYERS ADVOCACY COUNCIL

**Mr. Thrasher:** My name is Rick Thrasher. I represent the Employers Advocacy Council. I am on the executive of the council and I represent the Windsor chapter.

Very briefly, I would like to express our appreciation for being given this opportunity, or such very short notice, of being able to make our comments known today.

Very briefly, I would like to explain what the Employers Advocacy Council is, in case there are some members here who are not aware of us and what our goal is. We want to emphasize that we are not a radical group advocating the destruction of the Workers' Compensation Board. Rather, we believe legitimately injured employees deserve to be fairly compensated. We do, however, advocate that the system must be fair to everyone, both to injured workers and to employers, who are required to pay the bills.

The council now has chapters in London, Kitchener-Waterloo, Windsor, Chatham, Hamilton and Peterborough and there is development under way for chapters in the Toronto area and in northern and eastern Ontario. There are currently some 500 employers who are actively supporting the council. These employers are of all sizes, large and small, in both the manufacturing and the service industry. In fact, it is a grass-roots practitioner-driven council.

The primary goal of the council is to establish a credible, collective voice for employers to call for constructive change to the workers' compensation system. To achieve this, the council is attempting to educate its members, both on workers' compensation legislation and policy and to provide a vehicle for members to articulate their concerns with provincial legislation, as we are doing today.

To begin my presentation, I would like first to make some comments about our friends in the office of the employer adviser. We wish to express our appreciation for their support and efforts expended on behalf of employers, and to say that despite the limited resources of the office. We understand that, by absolute volume of clientele, the office of the employer adviser will never be as large as that of the employment adviser. However, more and more employers



quiring assistance and this number will continue to grow due to extensive changes to policy and legislation that deal with the compensation award. We understand that more changes are anticipated shortly.

One example of this is the current practice of the Workers' Compensation Appeals Tribunal. It is now mandatory for an employer to have representation in a system that was intended to be normal. Many smaller employers simply do not have the resources required to adequately represent themselves. Hence, there will be additional involvement for the office of the employer adviser. We believe that in this regard five regional offices simply are not adequate and employers are being shortchanged. With all due respect to the Toronto advisers, trying to represent the various regions is just not as effective as having someone there locally. I can talk from personal experience, coming from the Windsor area. The advisers there have been very active with employers and in initiating training seminars for employers. Those are the kinds of things you just cannot get a handle on in Toronto.

The Employers Advocacy Council would be the first to support the expansion of the budget of the office of the employer adviser, thereby providing additional advisers and regional representation. This is one area in which employers agree that our dollars are being well spent. I say this unsolicited by Jason and his staff. We say this honestly and sincerely from the heart.

I would like to turn very briefly to the Workers' Compensation Board. Of major concern to employers in this province is the unfunded liability. While we wholeheartedly endorse many of the positions and points Jason made in their report, I would like to highlight just a few of the key items in the time constraints we have, so that we can try to get a little more of a flavour of what employers are actually going about.

The 1986 report shows now a \$6.2-billion unfunded liability, which is an astronomical figure, and we believe it is a significant mortgage on the future of Ontario businesses. This fund obviously requires astronomical assessment increases, thereby making Ontario business uncompetitive, which is especially alarming in light of the current free trade discussions where competitiveness will be our future.

With the growing unfunded liability, we believe, is a symptom of numerous problems with the Workers' compensation system that require particular attention.

Number one that we would like to identify is the expanding scope of benefits. Over the years, the Workers' Compensation Board has expanded the scope of benefits so that there are now more types of injuries and illnesses and conditions covered than ever before. Benefits have been indexed to inflation, and an appeal mechanism is in place to provide a review of the decisions.

As I said earlier, the employers are not against people being fairly compensated for legitimate work-related injuries, but what has been lost in 1986 is a clear definition of a workplace injury with benefits tied clearly to accidents on the job. A major imbalance has been created where employers are being held absolutely liable, through legislative interpretation, for the cost of events which are clearly beyond their control.

We believe this situation is a pure violation of the intent and the integrity of the foundation upon which the compensation system was established. It upsets the concept that a worker's disability must have some causal relationship to the employment activity in order to be compensable. Without this, workers' compensation has become a social safety net for all types of illnesses and injuries, but paid for only by employers.

Another point we would like to get on to is claim duration, and Jason mentioned that in his presentation. This also contributes to the claim cost and is a major concern of employers in the continued growth of the claim duration.

While the increased duration in 1986, when compared to that of 1985, was relatively minor, the overall trend from 1980 was very alarming. If we base it upon the 203,000 allowed claims which were reported in the 1986 report, this added duration would add some 2.5 million days of benefits when compared to the durations in effect in 1980.

We believe the Workers' Compensation Board must take control of claim management. Again, as Jason pointed out, far too often the WCB has allowed the family doctor to become the claim adjudicator. We believe this role really belongs to an independent third party such as the Workers' Compensation Board.

A third point I would like to touch upon is the Workers' Compensation Appeals Tribunal. We alluded to it earlier and we believe the WCAT is reshaping the interpretation of the Workers' Compensation Act. Employers do not believe the WCAT has a legislated mandate to change board policy but should rule only on whether or not the WCB has erred in rendering its decision.

WCAT does not take fiscal responsibility for its decisions. This has been publicly stated and is



elaborated on in the consulting actuary statement on page 22 of the report, where it is stated:

"Certain decisions rendered by...WCAT... may have the effect of altering the adjudication of workers' compensation claims. Such changes in the adjudication of claims could result in a significant increase in present value of future payments...on account of accidents which occurred in past years."

This then leaves the WCB in the unenviable position of having to pay substantially more for unanticipated past claim costs on a fixed-assessment basis. Employers believe the government must act very quickly to resolve the political power struggle that is becoming more and more evident between the board and WCAT.

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In conclusion, while there are other significant issues that remain open and unaddressed, at this time I feel it would be inappropriate to exceed our time limitations. You have been very kind to have listened to us at this point. However, to summarize, the Minister of Labour (Mr. Sorbara) has recently promised changes to the workers' compensation system, making it a more equitable system for all parties. While the Employers Advocacy Council certainly would support such an initiative, we are extremely concerned with increased costs that any such changes could generate, particularly since the system currently cannot support the costs required.

It would appear from the annual report that the costs generated were less than the assessment base. Any changes must be carefully thought out and the cost impact fully evaluated before they are implemented.

Again, we sincerely appreciate this opportunity to express our viewpoints on such short notice and we would certainly welcome the opportunity to address the standing committee at future sessions in more detail and with a little more preparedness so that we could give members a copy of our presentation when we make it.

**The Vice-Chairman:** Thank you, Mr. Thrasher. You could make your text available to the clerk. He could make copies and distribute them to the members of the committee.

I think we will set five o'clock as a deadline; we can have a couple of questions and then we will be able to go to the rehab people, to be fair to Mr. Thrasher and to ensure that we have time to deal with our questions on voc and medical rehab.

**Mr. McGuigan:** In the interests of time, rather than asking you for specific examples of the policies to which you refer, I wonder if you

could forward to us two or three examples of these, perhaps taken from your case files.

**Mr. Thrasher:** Certainly.

**The Vice-Chairman:** If I might ask one question, Mr. Thrasher. Do you think it should be incumbent upon employers to inform employees if, in fact, they are eligible for compensation in the job they are doing? In other words, if they were to become injured, they would be eligible or would not be eligible, depending on the case.

**Mr. Thrasher:** Personally, I believe it should be. I do not think we have a problem with that regard. Again, I come from a fairly large company represented by the CAW, so they are very knowledgeable.

**The Vice-Chairman:** I am talking about small business, usually unorganized, where workers sometimes find they are not eligible.

**Mr. Thrasher:** As an employer, I would have to say yes. We believe strongly that an employee is entitled to what fairly comes from his disability. If that means that he should be advised that he is entitled to something, a benefit from the compensation board, then he should be advised.

**The Vice-Chairman:** Would you agree that in the large organized plants there tends to be few problems with compensation or more?

**Mr. Thrasher:** Speaking from my personal experience, I would tend to think there are probably as many or more, but probably of a different kind. For example, in our shop, the union takes a very strong position and would immediately appeal any negative decision to an employee. The rationale is they know that somewhere through the system a significant percentage of those decisions will be either overturned or overturned in part. Rather than looking at the merits of the claim, they automatically appeal it and leave the decision to the board.

**The Vice-Chairman:** I am sure they would describe it in a different manner.

**Mr. Thrasher:** I am sure they would, yes.

**The Vice-Chairman:** Just one other question. I think perhaps Mr. Mandlowitz would be the best one to answer this question. He mentioned in his presentation about employers with various types of services being treated in a similar way in terms of assessment. This has been a real problem in northern Ontario in the logging industry, where you will have someone who perhaps is employed as a contractor for a logging company or a forestry company to build a road. Basically he is driving a gravel truck, but he is not assessed as if he were driving a gravel truck.

is assessed as if he were driving a logging truck.

**Mr. Mandlowitz:** I think that is a really good point. In fact, I hope that kind of representation is made to the task force looking into assessments and classification in the logging industry. That is the Pilkey-Biddell group. I think that is a very important representation.

**The Vice-Chairman:** It can really hurt a small businessman if he suddenly finds he has been paying a lower assessment than the board deems him to be required to pay.

**Mr. Mandlowitz:** When is a logger a logger? When is a logger a trucker?

**The Vice-Chairman:** They are paying their assessment on the basis of bush injuries, like chainsaws and trees falling on people, even though they may not have anything to do with axes or chainsaws.

**Mr. Leone:** I would like to know, and I can ask this gentleman here, is this council an independent body or is it financed by the government or by employers?

**Mr. Thrasher:** It is strictly independent. It is funded by employer membership. Employers have indicated that they wish to endorse and support the council, have been asked to support and provide membership fees based upon a fee schedule. That is how they are funded. It is solely by employers.

**Mr. Leone:** You are not part of any other big organization?

**Mr. Thrasher:** No, sir.

**Mr. McGuigan:** Just a comment based on the chairman's question. Reaching back in my own memory as an employer, I think every employer required to post a notification and so on that is applied by the board, that there is a system of workers' compensation and what to do in the event of accidents. It may be that some employers do not do that.

**The Vice-Chairman:** I do not want to get into that. I have three different cases where three different workers, when they were hurt, suddenly found out they were not eligible for compensation for different reasons, but they did not know this prior to becoming hurt.

**Mr. McGuigan:** I think that is required and it is probably an oversight on somebody's part.

**The Vice-Chairman:** Any other questions? Again, I want to thank you both. We have been talking at other things besides compensation and I think most members of the committee would agree, and I am sure you would agree, that the

way to cut down on compensation assessments, and number of claims that are approved and the benefits that are paid out, is to cut the accidents. Thank you.

**Mr. Leone:** Mr. Chairman, I just want to express some opinions. When we receive these kind of presentations like the employer advisers, it becomes very difficult to ask questions unless you are an expert on these matters, because there is so much material here.

**The Vice-Chairman:** I think that is fair. I do not think we should be too critical of Mr. Mandlowitz for being comprehensive, but sometimes a briefer brief can produce more questions.

**Mr. Leone:** Yes, we should have it in advance.

**The Vice-Chairman:** Or we could get it in advance, yes. Again, I want to thank you both for appearing before us.

**Ms. Collins:** Mr. Chairman, just before we go on to the next group, it was mentioned that there is a 1985 report of the standing committee on resources development. Has that been handed out yet to members of the committee?

**The Vice-Chairman:** The man who can answer that question is right there. Todd, there is a question. Do we have available the 1985 report of the committee? Yes, we do.

**Ms. Collins:** Thank you, Mr. Chairman.

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## POLICY AND SPECIAL SERVICES CLIENT SERVICES

**The Vice-Chairman:** Could we now have Mr. Czetyrbok and Ms. Kaegi? The committee wants to thank you for coming before us today and thank you also for your patience in allowing us to extend time to the Employers Advocacy Council, which had asked for permission to make a brief presentation prior to your presentation.

Do you have a presentation you wish to make to us or do you just wish us to proceed with questions?

**Mr. Czetyrbok:** We are expecting to respond to questions. I am the vice-president of client services with responsibility for the vocational rehabilitation programs within the integrated service units as well as throughout the regional offices. This is where all the former vocational rehab functions, that were a part of the rehab divisions, are now incorporated. It is part of the new approach to integrated service which has caused this change.

Dr. Kaegi will speak for herself.



**Dr. Kaegi:** I am vice-president of policy and specialized services and as such I have responsibility for the development of policies that affect the delivery of medical and vocational rehabilitation programs within the board. In addition, I have within my division the specialized vocational rehabilitation department, which is responsible for providing some technical backup to the vocational rehabilitation staff in client services as well as providing direct services to very severely disabled, injured workers.

**The Vice-Chairman:** Perhaps, as a starting point, it might be useful if you could elaborate a little on Dr. Elgie's presentation to us. I think he mentioned that you had served, in rehab, something over 5,000 cases last year. Give us some idea of your staff, the kind of roles that you carry out and the number of clients you have been able to assist.

**Mr. Czetyrbok:** Certainly. We have around 180 vocational rehab counsellors situated throughout the province who provide services to our injured workers. In 1987 there were 9,900-odd new referrals to vocational rehabilitation. When compared against 1986, this was a 15 per cent increase, relative to 8,600-odd.

The total number of workers rehabilitated did improve in 1987. It was roughly 3.5 per cent—6,100 versus 5,945. In relative terms this represents a large improvement, but we hope we can do much better when we introduce the new vocational rehab strategy.

The board, as you are all aware, does involve itself in various assessments and training programs. Here again we saw major improvements in 1987 over 1986 in terms of assessments in various industrial settings and controlled environments. We performed 5,166-odd such assessments versus 4,789 in 1986—approximately an eight per cent change.

As far as training programs, such as training on the job, technical, academic upgrading, English-as-a-second-language, business, clerical and post-secondary training programs are concerned, in 1987 we realized a 10.8 per cent improvement in that category. That was 3,455 versus 3,118 in 1986. Those are the general numbers and they represent an improvement.

We are concerned about the time it takes for a referral to vocational rehabilitation, which in 1987 was approximately 17 months on the average; certainly not an enviable performance, but it is an improvement over prior years when we were looking at roughly 19 months. The new vocational rehab strategy we believe will significantly reduce that time frame.

Another key point is duration of service once there is a referral. Some of the referrals are immediate—within days, within weeks, given the nature of injury—but the duration of service again improved. We were looking at 11.2 months on the average for an injured worker who was with voc rehab, and that is comparable to the 1986 period.

**The Vice-Chairman:** I would think that the more difficult ones to deal with are people who have more serious disabilities. Dr. Kaegi, do you deal with those kinds?

**Dr. Kaegi:** Yes. The specialized vocational rehabilitation group deals with relatively small numbers of very seriously disabled people and in fact, folk for whom return to work is very unlikely. I am talking here about people who have been made quadriplegic or severely paraplegic as a result of an injury.

In specialized vocational rehabilitation, one of the goals is to try to enhance the quality of life aside from employability, for those people. The success rate in that group is very much lower. In fact, you would be counting on the fingers of one hand the cases that are successfully returned to employment. For us, in that group, success is deemed to be an improved quality of life on the part of the individuals who are suffering the disability.

**Mr. McGuigan:** I wonder if you could walk us through what happens to a theoretical truck driver who is making \$800 a week and gets involved in an accident. Perhaps he falls off the back of the truck and injures his back or in some way he becomes disabled so that he cannot drive his truck any more.

He is deemed to be, say, 20 per cent or 30 per cent disabled, which means that he is expected to go to work at something else. He comes back to the trucking company and they have not got any light-duty jobs. The fellow is 45 years old, probably has only a grade 8 education, grade 1 at the most, and he has been away from education for a long time. What happens to those people?

**Mr. Czetyrbok:** Once there is a referral to vocational rehabilitation, in the circumstance that you have described, we will undertake aptitude and interest testing in order to identify what other forms of employment the injured worker may be suitable for. Working with the injured worker, we will attempt to define an outline a program that will seek to restore the individual to comparable earnings capacity.

It is not possible at all times. It depends on such things as geography, the economic conditions in the area and the mobility of the



individual. There is a host of factors. But we could try to tailor that to the individual. The vocational rehabilitation strategy that we have outlined is to try to be much more goal-oriented in terms of setting specific goals. That is where I think we will be able to realize greater success in placing injured workers. But that is generally the process.

**Mr. McGuigan:** Supposing he is reasonably successful in training and he gets a job at \$400 a month instead of \$800.

**Mr. Czetyrbok:** The permanent disability is provided to compensate for that impairment and the loss of earnings. During the period of training and some onsite job experience, we would supplement that income for a period of the way up to full compensation level.

**Mr. McGuigan:** But for how long, because he has his way for life?

**Mr. Czetyrbok:** I am not totally familiar with the policy under subsection 45(5) right now. I would have to get some details. Perhaps Dr. Kaegi can respond.

**Dr. Kaegi:** I might help you with that. I think one of the deficiencies, if you will, in our current legislation is that an individual of the sort whom you have described will experience the wage loss when after he has returned to work. You identified an individual with a 20 per cent pension, so he would be getting 20 per cent of his former income, 90 per cent of his former income up to the ceiling. But if he returns to a job that is paying half of what he was earning before, in that situation there is no doubt there would be some wage loss.

Under our policy for vocational rehabilitation, with an individual, as Mike has said, would receive full compensation during the period of training. We allow for a period of adjustment. Our policy does not fix precise time guidelines, but it is in the order of six months for the period of adjustment, once the individual has returned to a job.

**Mr. McGuigan:** Looking at the matter of pension, if we did not have a Workers' Compensation Act and something was at fault in the worker's job that caused this accident, you would think the civil court would award him his former salary for the rest of his life.

**Dr. Kaegi:** We have to work within the confines of the act. For each case you identify where an individual is undercompensated by the existing system, there are also many cases where workers receive their pension and are able to

return to a job at the same level of earning capacity as they had previous to the accident. I guess those are the pros and cons of our existing pension system based on clinical impairment ratings.

**Mr. McGuigan:** I suppose it is possible, on the other side of the coin, for someone to actually have a total income greater than he had before.

**Dr. Kaegi:** That is true.

**Mr. McGuigan:** It would be rather rare and in the minority of cases, but it could happen.

**Dr. Kaegi:** It does happen.

**Mr. Czetyrbok:** The three phases of our new vocational rehabilitation strategy do state that we will try to return an injured worker, first, to the pre-injury job with the accident employer, followed by a comparable job with the accident employer, and with another employer in a comparable position. That is the focus, to get an injured worker back to a comparable job with the accident employer. That is our focus and the first phase of any voc rehab effort.

**Mr. Brown:** Just on that topic, I had a conversation with an employer on Thursday where a severely injured worker went through rehab. He was a miner of some sort, and he then went on to learn some type of computer programming or whatever, that sort of job. After coming back to work, the company paid him to take more courses and all that sort of thing. It turns out that after he was finished, he is now making more money. His salary is greater now than it was or would have been if he had pursued the same job, yet the Workers' Compensation Board is paying this gentleman \$1,700 a month on top.

**The Vice-Chairman:** Is that a pension?

**Mr. Brown:** Yes. The point the employer was making is: "What incentive is there for us to do this sort of thing if we don't see any return?" I can kind of see his point, because the worker actually never did lose any compensation during the period.

**Dr. Kaegi:** The case you have raised is the obverse of the case Mr. McGuigan made. There are cases within the system where, because of the way permanent pensions are defined based on a clinical impairment rating, some people do achieve a very high pension rating but in fact have no loss of earning capacity. That is the other side of the coin.

**Mr. Brown:** That is why I thought I would jump in.

**Mr. Leone:** I understand the two speakers are vice-presidents of the board and I think you are staff officers of the board, in these two capacities here.

**Dr. Kaegi:** Correct.

**Mr. Leone:** I read this article today in the Toronto Star. Even with everything we are doing here to better our services in every field, like rehabilitation, we still have these cases we cannot understand, such as this lady here, where the doctor and the physiotherapist wanted her to get some therapy and it was dropped by the board. This lady's story was in the paper.

This is not the first case. Every day in my constituency, I have workers who complain of decisions made by the board which are sometimes against the wishes of the doctors. With the rehabilitation programs, I have cases where workers are sent to rehabilitation projects when they are 61 or 62 years of age, and there are sometimes cases of workers who are 35 or 40 when we fail to do this.

What are the directions down at the board, the policies, to avoid these kinds of discrepancies?

**Mr. Czetyrbok:** On the vocational rehab issue, one of the highlights of the new VR strategy is that the vocational rehab programs we will be developing will be in partnership with the injured worker. We will develop a plan that an injured worker is agreeable to. It is a plan that we will work out with the employer and also in consultation with the injured worker's physician.

So in those instances where injured workers find that they are being directed, they will be more self-directed. Injured workers will have to take a strong part in their own vocational rehabilitation. They will have to agree to the plan, and we hope that will eliminate the kind of situation you have described, Mr. Leone.

**Mrs. Grier:** In that process you have just described of joint planning for the injured worker, who has the primary say? If the worker is adamant that he or she does not like the scheme that is being proposed, what happens?

**Dr. Kaegi:** The board's vocational rehabilitation case worker has the responsibility for co-ordinating the development of that plan. We expect that our staff will be given some special skills in negotiating because that is what is going to be required in the development of a plan. But it will be their task to achieve consensus in the development of the plan.

Where the worker feels he is not able to carry out a particular plan, I am sure you are aware that such a worker is not going to participate very

freely in such a plan. So it is going to be really important that they achieve consensus, and where there is a disagreement, the case workers to resolve that, to understand it and to achieve consensus.

**Mrs. Grier:** You mentioned in your earlier description of the criteria to be followed employment availability or conditions of employment. I am wondering how much a role the plays and how sensitive you in fact can be to whether or not there is going to be a job for that person at the end of the rehabilitation and what role you play in subsequent placement.

**Dr. Kaegi:** The case workers have available to them a number of specialists, some of whom are located within the specialized vocational rehabilitation department. They constantly keep a watch on employment trends in different areas of the province, so they are aware of where like vacancies are.

When the case workers are developing a plan they have access to that data and they can sit down with the accident employer, the worker and the various other parties involved to try to develop a plan which takes into consideration the actual availability of employment in the area where the worker wishes to locate. So it will be a factor that is taken into consideration.

**Mrs. Grier:** Do you provide placement assistance at the end of this process for the worker?

**Dr. Kaegi:** There is placement assistance, yes.

**Mr. Czetyrbok:** We also take advantage of various employment campaigns that we conduct throughout the province yearly, as the chairman referred to in his opening remarks, trying to seek and identify positions and jobs in the community throughout the province. We have a job bank, to speak, so that we can identify opportunities for workers in a particular locality.

**Mr. Miller:** What happens to the worker who cannot find a placement? Somebody else will not hire him because he is on compensation and employers do not want to take the risk. We have had quite a few cases come to us like that. They cannot find even a part-time job.

**Mr. Czetyrbok:** Under the Human Rights Code, it is illegal to refuse someone a job. It must be that individuals need to exercise their rights under the legislation when they encounter a situation such as that.

**Mr. Miller:** Is that the only answer? You do not encourage the employers to maybe pick up part of the wage?



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**Mr. Czetyrbok:** We certainly have incentives for employers. I was referring to your specific example but, yes, we do offer various incentives to encourage employers to hire injured workers. That is an ongoing program and we are reviewing these incentives currently.

**The Vice-Chairman:** Surely if an individual is shown not to be able to do the work and the employer says there is no light duty, he cannot be taken to the Ontario Human Rights Commission.

**Mr. Czetyrbok:** Not under that circumstance. I was referring to a situation where an injured worker does apply for a position but is refused employment because he is an injured worker. That is the situation I was referring to.

**The Vice-Chairman:** He is an injured worker who is not able to do the work.

**Mr. Czetyrbok:** But able to do the work, yes. That is the essential qualifier.

**Dr. Kaegi:** The committee may like to know whether the board did proactively send out letters to all employers in the province advising them of their responsibilities under the Human Rights Code and the illegality of refusing employment to a suitably qualified individual just because of previous compensation experience.

**Mr. Miller:** I think I have covered that. Cooperation between employers and employees is perhaps better than going to the courts. I would rather see the individual have a job than trying to protect his right in the courts. That is the last alternative, I would believe.

**Mr. McGuigan:** I do not know whether you would want to answer this type of question but the proposition is put forward to us sometimes, as legislators, that we should legislate the responsibility or the requirement that a company rehire people and make it the company's job to find a job for them or simply carry those people on their payroll until they are of retirement age. Do you see companies that do carry out policies such as that on a voluntary basis?

**Mr. Czetyrbok:** I believe there are. I cannot tell any at this moment, but many companies are obligated under their respective collective agreements to reinstate injured workers. That is negotiated so that experience is—I would hesitate to use the word "common"—but it is enforced through many collective agreements.

**Mr. McGuigan:** Would there be any in, say, automotive collective agreements, or do you know where that might occur?

**Dr. Kaegi:** I do not know whether it is on account of its being in collective agreements but there are a number of large companies, including some of those in the automotive sector, who try very hard to accommodate an injured worker back in their workforce.

I think another feature of our new approach to vocational rehabilitation is that by so assigning the charges associated with vocational rehabilitation, it will make it very attractive to employers to find some way of accommodating a disabled worker in their own workforce.

**Mr. McGuigan:** What I was trying to get at is whether it is a disaster for industry, or a minor inconvenience for industry, if we legislate that people have a right to go back to their previous employment.

**Mr. Czetyrbok:** I could not respond to that. I can only state that our goal is in every instance—and we do realize great success—to return injured workers to the accident employer in some capacity.

**Mr. McGuigan:** You would really have a loyal employee.

**Mr. Czetyrbok:** Yes. The employer in consequence does not lose the skills and the experience that the employee has developed and acquired with the company. That is the first phase of our own vocational rehabilitation strategy.

**The Vice-Chairman:** Any other members? If not, perhaps I could ask a couple of questions.

You indicated that last year you had almost 10,000 cases referred.

**Mr. Czetyrbok:** Yes.

**The Vice-Chairman:** And that you had been able to serve just over 6,000.

**Mr. Czetyrbok:** Yes.

**The Vice-Chairman:** Could you expand on the reasons for the other 4,000 not being able to be served and what kinds of problems you faced?

**Mr. Czetyrbok:** There is a variety of reasons—for example, injured workers not being prepared to leave the accident employer. They hope for and are working with us to seek some sort of employment with their company. There is a category with some self-imposed restrictions. There are noncompensable health reasons, some have returned to school to upgrade themselves, and there are certain geographic conditions.

**The Vice-Chairman:** If a worker returns to school, what kind of assistance do you give him?

**Mr. Czetyrbok:** I believe this is when they return to school on their own initiative seeking some other endeavour or profession.



**The Vice-Chairman:** That is what I was referring to.

**Mr. Czetyrbok:** I do not have an answer to that in terms of specific assistance. Others have withdrawn their request for vocational rehabilitation services on their own initiative and those comprise the categories to cover the balance of the numbers.

**The Vice-Chairman:** Is one of the reasons for withdrawing their application the length of time it takes—17 months?

**Mr. Czetyrbok:** It could be. I have no information to suggest that is not a reason. It is not one of the ones I am aware of.

**The Vice-Chairman:** You have mentioned the new rehab strategy. When do you anticipate it will be in place?

**Dr. Kaegi:** We have a committee looking at the implementation features of such a strategy. We plan to have a report on the practicality and the implementation features of that strategy taken to our board of directors in July of this year.

**The Vice-Chairman:** What do you do in the case—it was raised before the committee when Dr. Elgie was appearing before us—of an individual who has lead blood levels at such a level that he cannot return to his place of employment and yet he is not deemed compensable by the board? What does that worker do and what is done for him? Where is he?

**Mr. Czetyrbok:** We first attempt to remove that injured worker from the exposure that has caused the disability.

**The Vice-Chairman:** In the example I am referring to, he has been removed. He cannot go back. He knows he cannot go back and yet he is not getting any benefits. He is not getting anything.

**Mr. Czetyrbok:** In most instances, we do provide benefits and we do provide vocational rehabilitation services.

**The Vice-Chairman:** I know, but in this case I have been talking about blood levels, and at this point the board has not been able to establish how it can compensate.

**Dr. Kaegi:** If you are dealing with a particular case, such as the Ianuzzi case, that is a very complex case. But in a normal situation, when an individual's blood lead is at the level where it is deemed that he should be removed from exposure, compensation benefits are payable under temporary total benefits until the worker's level declines and he is able to return to work in some capacity.

In some instances, when a worker should be out of lead exposure because of the level of blood lead, it is possible for the employer to find suitable work for the individual in an area of the plant where there is no exposure. We would generally look for that type of employment opportunity first. It is only if that type of employment opportunity is not available that the individual would be off on compensation.

The individual would remain off on compensation until such time as his blood lead levels have fallen to a level that allows him to return safely into the workplace. Permanent benefits would only become payable if there were clinical impairment, a health effect, that followed from the elevated blood lead level. Particularly for lead, that would have wristdr as one of the earliest features or some other neurological problem. If the person suffered permanent disability on those grounds, then pension would be payable but not simply on blood lead level.

**The Vice-Chairman:** Yes, that is the problem. I do not want to be obtuse but in this particular case, if the individual's lead levels have returned to a level where he could in fact work but he still cannot work in the lead environment, then he has sort of fallen between the cracks, has he not?

**Dr. Kaegi:** If he cannot work in his former job which has a lead environment and there is no other lead-free job available for him with that employer, then he would still be covered under compensation.

**Mr. Miller:** Can he cross over to other jobs with other companies and do a totally different job and would the compensation board pick up the percentage of the wage?

**Dr. Kaegi:** That is sometimes necessary when we have an individual who has been exposed to very high levels for very many years. In that situation, the lead accumulates in the bones and it takes a very long time for the blood lead levels to decline to the levels we now regard as safe in the workplace. In that situation, we may look at vocational rehabilitation to train the worker for a job that is completely external to the lead exposure area. But that is a very unusual situation.

1730

**The Vice-Chairman:** I do not expect you to give it to us now, but it would be useful if you could give us some further information on this particular case because, frankly, I am confused by the situation.

I just have two other questions. In the resource industry in northern Ontario, you have a particular problem with rehabilitation. I am talking about either underground mining or forestry where oftentimes you have workers who have very little formal education who are doing very heavy work and whose employers often, quite ultimately, say they do not have light-duty work.

What do you anticipate or what are you doing to try to respond to the needs of those kinds of workers? I will use an extreme example to make it easy or difficult, whichever way you look at it. I am talking about a French Canadian worker who does not speak English. He is 45 years old and he has grade 5. He broke his back when a tree fell on him and he cannot go back in the bush.

**Mr. Czetyrbok:** In those circumstances, we would do a complete assessment. We certainly would make every attempt to provide upgrading in the way of education and then provide, depending on the job possibilities, English as a second language, in order to make that individual more employable. Those cases probably represent the most challenging ones faced by the board in the environment that you have described. It is not that we just have to refuse to give up on and continue working on.

The duration of service may need to be longer in those instances. The planning will have to be extraordinarily better in order to provide those individuals with a job. It is going to take a lot of effort on our part and the injured worker's part, as well as the employer community in northern Ontario in those particular industries. It is a challenging case, and such cases represent some of our best success stories when we are successful.

**Mr. McGuigan:** In assessing that man's degree of disability as 60 per cent, 50 per cent, 49 per cent, whatever, is any consideration taken of the social aspect, or is it entirely 100 per cent a medical situation? What I am coming to is, there are probably times in a very extreme case like that when it would be far better to put the person at 0 per cent or 100 per cent than to try to get the person to take on a second language at the age of 45 or 50. I could not remember it when I was 18. It would be wasting a lot of money, it seems to me in extreme cases like this.

**Mr. Kaegi:** I think there are two types of assessments involved here. The sort of assessment that Mr. Czetyrbok was referring to is an assessment of a person's attitudes and interests, not a physical appraisal assessment to determine exactly what capacities he has and what tasks he

can carry out successfully in the workplace. That is a different type of assessment from the type carried out for clinical impairment rating, which is perhaps what you are referring to when you talk about the pension. So I think it is important that you see the difference between those two.

The clinical impairment rating that is used for the pension is really done against a standard—we sometimes say a standard 30-year-old man—and you look at the individual's impairment of function in relation to that. Where we are looking at their functional capacity in relation to vocational rehabilitation, we are looking at them as they are with their training. So you do take some of the social factors into account in that situation.

**Mr. McGuigan:** Clinically, though, you do not?

**Dr. Kaegi:** No, the clinical impairment rating is done on your standard.

**The Vice-Chairman:** So that is where you get into the question of whether we should be compensating for wage loss as opposed to clinical injury?

**Dr. Kaegi:** Precisely.

**The Vice-Chairman:** What happens in the situation where the guy indicates he is willing to take rehabilitation and he is willing to try to learn English, but there just is no light duty available that he could be trained for in the community where he lives and owns his house, and his family is in a French Canadian community?

If you say, "Well, we might be able to find you a job in this larger urban centre if you are prepared to study English and learn English and get some kind of training, but it means you have to leave and go into a situation of buying a new home or renting and so on," and if he says, "No, I do not want to do that," then is he cut off?

**Mr. Czetyrbok:** I should not expect so, Mr. Wildman, in terms of what we can do. I cannot respond in specifics as far as what sort of benefits or assistance we can provide under section 54, the vocational rehabilitation section. You pose an interesting scenario and if I may—

**The Vice-Chairman:** One that I am not unfamiliar with.

**Mr. Czetyrbok:** Yes, I am sure, and I would like to pursue that in terms of what sorts of options and programs or approaches we can adopt and we are able to adopt.

**The Vice-Chairman:** Thank you. Any others? Sorry, go ahead.

**Dr. Kaegi:** The committee may like to know that our experience with English-as-a-second-

language training has not been as successful as we would like it to have been, so that very often in those situations now we would try to work with the individual who has French but not English, to find employment in his own French Canadian community. As I say, our experience with the language training has not been successful.

**The Vice-Chairman:** I would agree that would be the most acceptable. The problem is that in many of those communities there isn't much light-duty work available. I just thought of something else. Do you have any arrangements with the Commission de la santé et de la sécurité du travail in Quebec?

**Dr. Kaegi:** We keep in quite close touch with the CSST, to determine how they are handling those types of problems. If you mean, do we have direct linkage with them in terms of provision of vocational rehabilitation services, we do not. However, I am sure our case workers who are working in the French parts of the province, if they are close to the areas that abut where Ontario

abuts on to Quebec, do keep in touch with their counterparts there.

**The Vice-Chairman:** Any other questions? We appreciate your coming on such a short notice this afternoon and providing us with some information. If there are any additional matters or questions or additions to answers that you have given that you would like to submit to the committee in writing, we would certainly entertain that. Again, thank you both for coming to appear before the committee this afternoon.

Just before we break up, members of the committee, we have circulated to you the annual report of the office of the worker adviser, May 1988. It is hot off the press and, Mr. Leone, you will have a chance to read this as you go to the committee tonight. We will be having Mr. Di Santo and his colleagues appearing before us on Wednesday afternoon, at which time we will be in the Amethyst Room, room 151.

The committee adjourned at 5:38 p.m.



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Hegi, Dr. Elizabeth, Vice-President, Policy and Special Services

Hrybok, Michael, Vice-President, Client Services











No. R-10

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Wednesday, June 1, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, June 1, 1988

The committee met at 3:38 p.m. in committee room 1.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** The resources development committee will come to order. As some people know, the resources development committee referred to it every year the annual report of Workers' Compensation Board, and that is matter we are dealing with at the present time. Today we have before us the office of the worker adviser. Odoardo Di Santo, a person known well to many of us, is here as the director of that office, along with some of his colleagues. Mr. Di Santo, if you would take a seat, with whoever of your colleagues you wish, and introduce them, we welcome you to the committee.

For the benefit of the members, they have distributed to them the report to the standing committee of the office of the worker adviser. It is the buff-coloured document, and then there is a synopsis of the remarks handed out yesterday. Mr. Di Santo, the floor is yours.

### OFFICE OF THE WORKER ADVISER

**Mr. Di Santo:** Thank you, Mr. Chairman and members of the committee. With me today are Mary Tait and Roy Armstrong who are two of the four managers of the office of the worker adviser.

I am very pleased to present to you the office of the worker adviser's second annual report to the standing committee on resources development. During the past year, we have moved forward to develop and enhance important initiatives in all program areas.

My statement this afternoon will highlight the initiatives in the areas of worker assistance and representation, measures being taken to reduce the waiting list, training and outreach, special projects, as well as work done on recommendations for improvements to policies and procedures within the workers' compensation system in Ontario.

However, before launching into the main substance of the report, I would like, if I may, to

touch just briefly on the history of the office of the worker adviser and also bring you up to date on the status of our branch organization and staff complement.

The office of the worker adviser was established, as you know, by the Bill 101 amendments to the Workers' Compensation Act. Section 86q of the amended act, which came into force on October 1, 1985, provided for the creation of the office of the worker adviser. The legislation entrusts the office with a broad mandate, that is to be available to any person who is or has been a claimant for benefits under the Workers' Compensation Act.

The mandate has four key objectives: to advise injured workers of their rights under the Workers' Compensation Act, so that they will be able to represent themselves at the operating levels of the Workers' Compensation Board; to represent injured workers at all levels of the Workers' Compensation Board, at the Workers' Compensation Appeals Tribunal, and beyond the tribunal where applicable; to work with labour and injured worker groups, MPPs and other organizations representing injured workers and support them in their representation work; to identify operational problems in workers' compensation that may require changes in practices or policies.

These objectives are an integral part of all OWA programs and are reflected in the day-to-day work of the office.

With respect to our branch organization and staff complement, it is interesting to note that in the fall of 1985 the office of the worker adviser consisted of offices in Toronto, London, Windsor and Sudbury. The combined staff for these four offices was only 13 strong. In contrast to this, at March 31, 1988, our staff complement was 79 and we now have 12 offices across Ontario, including two new offices in Sault Ste. Marie and Timmins. During 1987, we also established two new advisory units, the west Toronto and Niagara region advisory unit and the northern region advisory unit. Exhibit one in the report shows the present organizational structure of the office.

Since the office of the worker adviser opened its doors in 1985, there has been an unprecedented growth in the demand for our services. The 1987-88 period alone saw a 30 per cent increase

in our case load over the previous year. There has also been an increase in excess of 200 per cent more than the case load originally projected in 1985. I will be providing the case load statistics in more detail later on; however, clearly, with this type of growth the office must expand to meet the demand. One hoped-for expansion in the future is the establishment of an office in the Mississauga area.

Turning to services provided, the first major section of the report, I am going to focus on our most pressing issue, the heavy demand for our services and the resulting waiting list and the measures we are taking to resolve the situation. I will also discuss our major organizational accomplishments in the area of advising and representing injured workers.

Since the office first began providing services in October 1985, the staff have responded to 20,957 cases, as of December 31, 1987. In the calendar year ended December 31, 1987, the staff responded to 14,921 cases. The statistics in our full report relate to the cases handled in the calendar year.

As mentioned, before we review our record with respect to injured workers we have assisted I would like to address the source of greatest concern for the members of the committee and your colleagues in the House: the length of the waiting list of injured workers. As you are aware, many injured workers are waiting a year to 18 months, and in a few cases up to two years, for their case to be activated to prepare for an appeal. This situation is unacceptable to my staff and myself, and I would like to acquaint you with our plans for resolving this situation.

The situation must first be put into perspective. Having watched the case load grow and monitored the intake over our first 2 1/2 years, it is apparent that the bulk of the backlog was created in the first year of operation. There were 1,500 cases on various waiting lists throughout the province by June 1986, 1,200 of them in the three Toronto area offices. An average of 380 new cases per month came into the offices in that first year and close to 25 per cent of them had to be placed on waiting lists after initial summary advice. As worker adviser positions were added to the offices, waiting lists diminished, but only temporarily. There were, quite simply, more injured workers with important and complex cases than we were able to provide extensive service to, notwithstanding our staff growth during this period.

I feel that it is important to acknowledge some of the reasons the system was inundated with

injured workers wanting to appeal board decisions.

The year 1985 was, quite frankly, one of the worst for injured workers. Many who had been involved in the struggle for reform for several years had witnessed the defeat of a government proposal which would have cancelled or limited their permanent pensions. The new, independent appeals tribunal, established to finally take an unbiased look at workers' compensation appeals, was a ray of sunlight in what workers identified as an appeal system which did not work properly.

The change in benefit structure suggested higher temporary benefits. Survivors' benefits were significantly increased. Automatic indexing of benefits and pensions followed shortly after the Bill 101 amendments and, perhaps more significant than one realizes, the board began informing injured workers of their appeal rights and providing access to files as soon as the first level adverse decision was made. Contrast this with the previous, since 1981, practice of providing this information only after an adverse decision from what is now the decision review branch, and it is apparent that this move alone accounts for a substantial increase in the number of injured workers in the appeal system.

These are all important demonstrations of visible reform for injured workers that were highly publicized throughout 1985 and 1986 by the board, the tribunal and the media. In this context, the unprecedented number of injured workers approaching the OWA, the Workers' Compensation Board, and independent advisory service for injured workers, is not surprising.

Some were workers who may not have appealed in the past due to either a sense of futility or lack of access to information. A significant number were injured workers who were looking for the system to take a second look at their cases which they had pursued as far as they realistically felt was possible under the former review system.

Two enlightening statistics emerged in 1987: (1) 10 per cent of our cases resulted from accidents between the years 1970 and 1979; an additional 8 per cent resulted from accidents prior to 1970; (2) about 10 per cent of workers requesting representation for tribunal hearings would have required leave to appeal a previous appeal board decision.

## 1550

By early 1986, when average case load for appeal cases had exceeded 100, I was forced to establish what we hoped was a limited



waiting list in the Toronto office to avoid compromising the quality of advisers' work, ending the establishment of the Weston and Scarborough offices. We hoped that we were at the crest of a wave and that demand would ease, but with new requests for assistance continuing to flow in at a rate of 15 per day throughout 1986 in the Toronto office, when these two satellite offices were opened in March of that year a case load of twice the capacity of the offices was already waiting for the new staff. By mid-1986, each of our other regional offices was in the same position, and by the end of 1986 over 2,000 cases province-wide were on waiting lists.

Because the 5,185 representation cases which were handled throughout 1986 were all new, the closure rate of representation cases in that year was only 23 per cent. A preliminary review of the length of time an appeal case remains active revealed a minimum of 10 months for hearings officer cases and 13 months for tribunal cases. These figures are for cases which involved only an appeal and cover the time for gathering additional evidence, preparing submissions, waiting for a hearing date, appearing at the hearing, post-hearing submissions, waiting for decision and, if the appeal is allowed, waiting for its implementation.

These figures were gathered from cases that were closed in 1986. Many cases, with several complex issues involving multiple appeals, can remain open for more than two years. As table 1 on page 10 demonstrates, in the two years 1986 and 1987 a total of 3,345 representation cases were closed, and 1,800 of the representation cases were still open at the end of 1986 were still open at the end of 1987.

What this demonstrates is that at the same time as the waiting lists were building, they also were not moving, as active cases were only closing over at a rate of 23 per cent. In 1987, this closure rate had increased to 37 per cent, and improvement, coupled with a 16 per cent increase in the number of new cases, gives me confidence that we are beginning to make headway with the backlog.

However, now that we have achieved what we hoped would be the maximum growth of staff, further headway will be slow. The bulk of the waiting list cases came to the office in March to September 1986. Once these cases have all been activated—we project a two-year wait for them, they should all be activated by September 1988—the average waiting time should reduce to one year.

After that we cannot be confident of an accelerated decline, and even a one-year wait remains intolerable for my staff and myself. The potential prejudice to workers' cases as a result of delay, the desperation workers are feeling, the devastation of their homes and lives, the growing sense of futility all impact not just on the morale of the staff but on their ability to be effective as well. Responding to urgent and short-term needs of the workers on waiting lists occupies, it is estimated, up to 20 per cent of the adviser and management staff time.

In view of this unacceptable situation, we are investigating ways to increase our service capacity with our present staff complement. This includes a full examination of the following areas.

The efficiency of the office of the worker adviser case records management system: an unwarranted amount of worker adviser and support staff time is presently dedicated unnecessarily to managing information and maintaining accurate client records. Computerization of the client records system is essential to improving this. Appropriate hardware has now been identified and obtained and the office of the worker adviser hopes to be working with a consultant in 1988 to produce the necessary software.

Adviser workload: between the summary and representation cases, the average case load per worker adviser is presently about 100 cases. This is the average number of cases any adviser will be working on at one time. It is projected that with lower case loads, work will be completed and new cases activated more quickly. This approach represents a short-term additional delay for pending cases, but it is expected to increase the service capacity in the long term. In addition to lowering case loads, we will examine whether we can shorten file-open time by concentrating representation resources on only the most important issues in each worker's case and limiting the service to summary assistance on other issues, enabling cases to close more quickly.

Staff training: internal staff training programs have concentrated to date on keeping up with rapid developments in compensation law and policy. This year, we will add smaller regional sessions to assist advisers in developing specific skills in areas in which they have had little opportunity to practise.

Self-help materials: without intake counsellors, we are hard pressed to maintain the record of completed advisory cases set in 1987. To assist advisers in completing cases with summary assistance, we will review our summary assis-



tance experience and identify those areas which best lend themselves to self-help material.

Case selection: while the above measures are anticipated to improve the present capacity to provide service to some degree, we realistically cannot expect to close the current 30 per cent gap between total cases and cases handled in this manner. Indeed, the working capacity to date has been achieved with high overtime levels on the part of our staff. We therefore must acknowledge that some workers who request representation may not receive this service from the office.

We are developing a set of case criteria which will allow us to utilize our resources more effectively. I hope to implement our case selection policy by the fall of 1988 and will be advising MPPs when it is under way. In conjunction with this, we are also re-examining how our external training resources and materials are used, to ensure that other worker representatives who wish it will have access to basic and advanced training programs.

A full overview of the distribution of our cases over the type of service provided, 1986 and 1987, can be found on page 10 of our report. The first quarter of 1988 reveals the following changes: basically, at the end of March 1988 we had a total of 15,073 cases, and on the waiting list at the end of the year we had 3,172 cases.

Turning to our experience with respect to workers we have assisted, our decision analysis statistics can be found on pages 13 and 14 of our report. From this overview of our case-by-case assistance and representation services in 1987, some trends are apparent.

The proportion of OWA work at the operating and decision review levels at the board has increased by 15 per cent, from 46 per cent in 1986 to 53 per cent in 1987. This was necessitated by the amount of summary assistance work required to maintain a satisfactory response time to new clients, and an increasing demand by waiting-list clients for assistance with new issues that arise as they wait for representation service.

#### 1600

Of the appeal work, a greater proportion of decisions are from the Workers' Compensation Appeals Tribunal, 21 per cent; up from 7 per cent in 1986, reflecting both the natural maturing of case loads and an increased ability by WCAT to release decisions.

Appeals for initial entitlement generated the largest proportion of decisions and also generated the highest denial rate—34 per cent of decisions; 52 per cent denied. In 1986, initial

entitlement constituted only 5 per cent decisions but 91 per cent were allowed or allowed in part.

The office of the worker adviser was statistically most successful with vocational rehabilitation decisions, but these constituted only two per cent of the decisions.

Maintenance of temporary total benefits generated the second largest group of decisions, with temporary supplement decisions third.

In May 1986, the chairman of the Workers' Compensation Board approached me about establishing a worker adviser office at the Downsview rehabilitation centre, in response to requests from injured worker organizations for an information or advisory service for workers who are patients at Downsview. We established a six-month pilot project as a way of projecting the level and the extent of the service that would be required.

Injured workers were slow to respond to the service initially, but the demand increased significantly after the initial eight weeks. There were over 200 requests for service during the pilot project produced over 300 inquiries or complaints. Fifty-three per cent were requests for general information on how the board operated and the provisions of the Workers' Compensation Act and/or the process at Downsview as to what workers could expect while they were there.

Fourteen per cent were cases in which workers were anxious and apprehensive of their futures with respect to employment, rehabilitation and other board services. Thirteen per cent were specific problems relating to discharge recommendation to return to regular or modified work. Thirteen per cent were complaints about specific DRC doctors. The balance, seven per cent, covered several miscellaneous areas.

In about 60 per cent of the cases, the adviser provided general summary advice on WC procedures and alternative remedies. In approximately 33 per cent of the cases, the adviser pursued the problem further with DRC staff.

In the other seven per cent of cases, the adviser contacted the workers' family doctors or contacted client services staff on matters unrelated to DRC admission.

Because intervention and advice were usually rendered at the time of discharge, or workers did not report back for other reasons, we could not record results in the majority of cases. Where we do have results, they were favourable to the worker in about 50 per cent of cases, includ-

ages in program, changes in the discharge recommendation from regular to modified work, and entitlement and adjustments in compensation rate.

We have concluded that there is value in maintaining an independent advisory service at Downsview despite the low response, and that demand will gradually increase. A great deal of the work done has been preventive, catching problems before they became significant. The service is also able to identify systemic problems and bring them to the attention of the WCB or DRC staff. The most pervasive problem is that of keeping patients fully informed about benefits and procedures. This gap in information was filled during the project.

We are now staffing this office with Toronto worker advisers on a rotation basis. We have learned that the claims counselling service provided at Downsview is being phased out, an endeavour by the administration to establish the worker's treatment and assessment functions as fully independent of the claims service functions. I anticipate an increase in the requests for advice at the Downsview office will result from

external training and outreach is one of the most significant services we provide. In 1987, there were 57 external training and outreach sessions, including nine weekend and two week-long institutes conducted in co-operation with the Canadian Labour Congress and several formal sessions with regional MPP assistants, as well as ongoing case work consultations. An intensive MPP staff training program is currently under way, with most sessions scheduled for July and June.

The OWA is committed to resolving as many recurring problems as possible on a systemic basis. This involves working with other organizations in the system by way of formal and informal consultations, and involvement at the tribunal and the board in significant cases. Since the passage of Bill 101, the agenda of new and unresolved issues has been both more extensive and more complex than anticipated.

In 1987, our initiatives at the tribunal included presentations in two leading cases: the tribunal's decision 915A on the retroactivity of permanent disability pensions for chronic pain; the tribunal's hearings, in decision 206, on injured workers' entitlement to interest on compensation benefits that are not paid until after appeal.

Other significant submissions were made in 1987 on the disclosure of medical information to

the employer, on the scope of the tribunal's power to set issues in an appeal, on the circumstances when a residential employee is in the course of his employment, and on a worker's entitlement to benefits when she or he leaves the province. In April 1988, the OWA participated in a special day-long meeting of the tribunal's advisory group on a range of procedural issues including pre-hearing medical reviews.

In 1987, the OWA undertook a number of ad hoc policy consultations with WCB administrators on their policy initiatives. Our experience encouraged us to propose a structured process of policy consultation with emphasis on consultation prior to implementation and disclosure of background and working documents.

The OWA made submissions in 1987 and early 1988 on the board's chronic pain disorder policy, on hearing loss, on gold miners and cancer and on occupational exposure to polychlorinated biphenyls. We are currently preparing submissions on the board's new framework for the rehabilitation of injured workers.

In addition, in 1987 we became the worker's representative in the board of directors' section 86n review of tribunal decision 72, which dealt with the definition of "personal injury by accident." No decision has yet been issued by the board of directors.

Since late 1987, the board of directors of the board has used its section 86n powers to review some 14 tribunal decisions in which workers won their appeals for temporary benefits for chronic pain. The OWA represents the worker in four of these cases in which, unlike decision 72, the board has restricted its review to written submissions only and the worker's benefits have not been paid. We are opposing the board's decision to stay payment and have asked for a public hearing.

The second part of the OWA's report deals with recommendations for improvements to policies and procedures. From the OWA's experience with thousands of individual cases, many ideas have emerged which I would like to highlight.

As we reported in 1986, coverage for some injured workers continues to be denied because the worker, although seriously disabled by the hazards of her or his work, is not employed in an industry which is required to have coverage. No single factor, such as the degree of risk, explains why some industries are excluded and others are not. Work in these industries is no less hazardous than in many which are included in schedule 1. Indeed, often the actual job as a warehouseman,



bartender, janitor or video display terminal operator is identical to work which, in another industry, would be included.

The office of the worker adviser continues to recommend that coverage be extended to all workers in Ontario. The human reality today is that one out of every 10 workers is left to face the risk of occupational injury and disease without that protection.

#### 1610

Rehabilitation is a major current focus of the office of the worker adviser. Since the board has recently made public its response to the Majesky-Minna task force report on rehabilitation, the importance of a holistic approach, the role of the case manager, the importance of training, especially in English as a second language, are all concerns. Some changes will require legislation. Others necessitate a carefully considered approach from the board with more lead time for submissions on the implementation as well as the framework of the proposed changes.

We have detailed our recommendations about pension awards in our report to the committee. In the area of pension supplements, in addition to our 1986 recommendations the board's new policy on subsection 45(5) is a major focus. In our view, the act does not require that supplements be temporary. They should be rehabilitation-linked. Wage loss supplements, in light of the 1985 amendments to the act, should be paid on a long-term basis.

Occupational disease entitlement continues to be a significant area of concern in 1987. The office of the worker adviser recommends strongly that all present policy on diseases be reviewed with a view to deciding in which schedule they belong.

Other areas in which there is a continued need for reform include chronic pain disability, occupational stress, psychological disability and head injury claims, and the board's adjudication procedures. Overall, the board's regionalization of services has been successful.

Turning briefly to the Workers' Compensation Appeals Tribunal, the office of the worker adviser is concerned with the complexity of the tribunal procedures.

Based on two general principles, that decisions should be made by the panel and that procedures should be simple and accessible, our input to the standing committee highlights our recommendations on a number of specific tribunal procedures involving case descriptions, reliance on medical counsellors, case instruction and case direction panels, adjournments and

scheduling, the role of the tribunal counsel and the admissibility of evidence.

This has been a summary of the highlights of the calendar year 1987, both operationally from the perspective of proposals which contribute to the continuing improvement of workers' compensation system in Ontario and those who most depend on it—Ontario's injured workers.

Thank you, Mr. Chairman and members of committee, for the opportunity to appear before you. I look forward to responding to committee's questions.

**Mr. Chairman:** Thank you very much, Mr. Di Santo. Before we get going around, there are some new members on the committee, as I am sure you appreciate, following the election of last fall. As a matter of fact, we have four of them right here with us today. Just to make sure everybody understands how the office of the worker adviser is funded and all that, perhaps you could go through very briefly and tell us how you get your funding and who you report to, in that kind of thing. It may be in the bigger report.

**Mr. Di Santo:** I will start by saying that the office of the worker adviser was instituted in 1985 as a result of the amendments to Bill 101. It was set up as a branch of the Ministry of Labour and we report to the assistant deputy minister in charge of the policy division, and through him to the Minister of Labour. The funding comes—it is a payback situation: we are allotted a budget from the Workers' Compensation Board reimbursed by the ministry for the expenses incurred.

**Mr. Chairman:** So who applies the brakes? For example, you talk about large waiting lists in your report and you speak to that quite eloquently. Where do the brakes come on? If you decide that in order to look after all this backlog you need—I do not know; you have 79 staff complement now total, I think it says in here.

**Mr. Di Santo:** Yes.

**Mr. Chairman:** If you decided 120, just pick a figure out of the air, who would say yes and who would say no? Since the WCB is paying the freight, does it have the say as to how many people you have in your complement?

**Mr. Di Santo:** Actually, what happens is that even though the funds come from the Workers' Compensation Board, to all intents and purposes we operate like any other branch of the government, which means that all our applications for funding go through the minister to the Management Board of Cabinet and require approval of the Management Board.



**Mr. Chairman:** I am trying to get at this backlog thing you raise. Because of the substantial backlog of cases, is there an acknowledgement that that backlog is not just a blip on the tape, that it is serious and long-term? Is there an acknowledgement of that by increased funding every year? How does that work?

**Mr. Di Santo:** I think the minister made comments to the committee. I was not here when he spoke, but he acknowledges that a problem exists and he told me that he is willing to go to the Management Board for additional funds.

**Mr. Chairman:** And how much of an increase do you get every year? Is there a set amount? Is it tied on other—

**Mr. Di Santo:** On page 7 of the report you will find that in 1987-88 we had the same amount as in 1986-87.

**Mr. Wildman:** Does that mean you have been underfunded?

**Mr. Di Santo:** No; I have to explain. When we started in 1986 we were allotted a budget based on the maximum salary level of the staff. That was, for reasons I do not know, the practice of the department at the time. Subsequently, that practice has been reviewed. At this time, for any new project the allotment is for the medium range. In effect, what happened was that in the last two years we had the luxury of having some surplus money which came to us because all our priorities were allotted at the top level of the staff. That will not be the situation from now on.

**Mr. Chairman:** I am feeling uneasy about the backlog. I do not know how you are ever going to get through it.

**Mr. Di Santo:** As I said in my presentation, realistically, unless we receive more resources we will not be able to provide the service that the present resources will allow.

**Mr. Chairman:** I have lots of other questions, but I will leave it to you.

**Mr. Wildman:** I too am concerned about the backlog, as I am sure are all members of the committee, Mr. Di Santo. You state on page 8 of your presentation that you project a two-year waiting time for the cases once they are activated, so that they should all be activated by September 1988. The average waiting time should reduce to one year. Then you state that you find that reasonable as well.

**Mr. Chairman:** Can you give us some further explanation or description of how you think you are going to be able to get those figures down to one year?

**Mr. Di Santo:** Yes. As I said in my introductory remarks, in 1987 we witnessed an actual decline in the total number of new cases. If you look at page 10 of the report, of the total new cases, in 1986 we had 10,562 new cases and in 1987 we had 8,880 new cases. So there is a net decline from 88 per cent to 60 per cent of the cases.

What is more important is that we have changed the way we have handled the cases, because initially we had such an inflow of cases that all at once we were faced, as I said, with cases that came to us from 1970 and before 1970. So we had to put them on the waiting list. Now we are dealing with those cases and making a preliminary intervention.

If you look at the statistics, you will see that we have been able to solve many more advisory cases in 1987 than in 1986. We have experienced also that we are able to solve many problems at the decision review branch or the claims adjudication branch without bringing those cases to appeal. All this combined leads us to believe that the new cases coming to us will either stabilize or slowly decrease; also, the efficiency in handling the cases will increase and, as a result, the waiting period will diminish.

**Mr. Wildman:** Do you have any way of knowing the reason for the decline in the new cases? Obviously, when you first open up there is probably a significant backlog of people, injured workers who suddenly appear at your door; and obviously, that will mean that there will not be as many of those old cases coming to you subsequently. Is the backlog itself and the difficult time you are having in servicing the backlog also a reason for the decline in new cases coming to you?

**Mr. Di Santo:** As I said before, 18 per cent of all the cases that we had in 1986 were old cases actually. They were people who had given up or could not appeal or required leave to appeal that they could not obtain because there was no mechanism, because the law did not allow them to go to the new mechanism or because they could not represent themselves. All at once, they thought that perhaps by coming to us they had a new chance. I think that when you take 20 per cent of the total cases, you are talking of more than 1,000 cases.

**Mr. Wildman:** I would think that most new MPPs have experienced the same thing. When you get newly elected, suddenly cases from 20 years ago show up; maybe the new guy on the block can do something.

Interjection.

**Mr. Wildman:** That is right; that is also maybe why there is a new guy on the block.

**Mrs. Marland:** That is a very sexist comment.

**Mr. Wildman:** I notice that Mr. Di Santo said she or he rather than he or she, so that should qualify.

Can you give us some indication of how your waiting list is distributed across the province? Obviously, you have tremendous demand in the Toronto area. What about your other regional offices?

**Mr. Di Santo:** Do you want the statistics for each office?

**Mr. Wildman:** Basically, what I am trying to find out is whether there is a real problem in one area and not such a great problem in some areas. In other words, do you particularly need expansion in some areas as opposed to other areas?

**Mr. Di Santo:** I can give you the statistics for each office. As of March 31, 1988, in Toronto we had 1,408 cases on the waiting list; in Hamilton, 332; in Kitchener, 201; in London, 354; in Windsor, 97; in Ottawa, 138; in Sudbury, 245; in Timmins, 104; in Sault St. Marie, 136; in Thunder Bay, 160; for a total of 3,172.

I have to clarify that. Those figures do not tell the whole story. For instance, in Thunder Bay we have two advisers and we have 550 cases: 390 cases are active cases and 160 are on the waiting list, which means that two advisers have a workload of 180 cases each, something I have discouraged but have been unable to dissuade them from doing. You realize that that is excessive, and that happens in many other jurisdictions.

**Ms. Tait:** The 1,400 figure Mr. Di Santo mentioned for Toronto is spread among the three Toronto area offices, with the Weston office and the Toronto downtown office having around 600 cases each on the waiting list. As Mr. Di Santo mentioned, he had targeted the Mississauga-Brampton area for possible future expansion, and that would redistribute several of those cases in both the Weston and the Toronto office.

**Mr. Miller:** Mr. Di Santo, I think it is an excellent report you have brought forward, but was it clear that 53 per cent of the cases you dealt with were not eligible for assistance?

**Mr. Di Santo:** No. The cases we dealt with for initial entitlement, not all the cases we have been dealing with; of the number of cases that came to us that were claims for initial entitlement, 59 per cent were denied.

**Mr. Miller:** Were not eligible.

**Mr. Di Santo:** That is right.

**Ms. Tait:** Were denied by the Work Compensation Board when we made submissions that they ought to—

**Mr. Miller:** There was room for doubt. Would that not be the reason for not being eligible?

**Mr. Di Santo:** I cannot tell you the reason. The WCB denied them. What I can tell you is that a worker came with a claim to the WCB, and on the basis of the evidence it had the board decided the worker did not qualify. But of course the worker has an avenue open to them. They can appeal to the WCAT, so that does not mean that all 59 per cent of the cases will be denied definitely.

**Mr. Miller:** But that does not put money on the table for those individuals.

**Mr. Di Santo:** That is right.

**Mr. Miller:** They have to go to welfare, or have only that alternative. I guess what I am asking, Mr. Chairman, is whether there should be some changes made so we do not have to go through this whole procedure which is building up a bureaucracy while the workers are benefiting.

**Mr. Chairman:** Very good supplement. Not a very substantial one because you have just asked a question, but it would be a tough one for Mr. Di Santo to answer.

**Mr. Miller:** I understand. I suppose what I am trying to say is that it is an excellent report that makes these points fairly clearly, and that raises questions on how you deal with it.

**1630**

**Mr. Leone:** In the last few days I have been speaking on this subject, workers' compensation, because I believe that workers' compensation in our community, and Mr. Di Santo agrees, is the number one problem. As Mr. Di Santo knows, in the last 20 years at least we have been arguing and fighting to solve the problem of the board.

Mr. Di Santo was in politics before. Now, in another aspect, in the bureaucracy of government. I am from the community. I am now in the political area and on the side of the government.

**Mrs. Marland:** That is your problem.

**Mr. Chairman:** That is the strangest problem to a question.

**Mr. Leone:** OK. Now, if there is criticism of fact, last week, some questions appeared to be critical, and they were intended as such. Personally, I see that there is dissatisfaction.



satisfied with the present situation with workers' compensation, but the workers are even more so.

We tried to give the workers instruments to solve some of the problems they had with workers' compensation. The three offices that were reorganized now—the Workers' Compensation Appeals Tribunal, the office of the employer adviser and the office of the worker adviser—it is one part—increased some of the expenses. From what I see on that proposal of the worker adviser, we will end up just like another rent review board, with a backlog of cases, with workers not satisfied and spending a lot of money.

When these offices were created they were intended to solve some of the problems at the TCAB, especially in the inner procedure, in the appeals. In the report, it has been said that the workers were helped by people within the board, but they were in conflict with the board itself. So we created this board here.

Now I can speak for the hundreds, thousands: the backlog at this point, with all the efforts that have been made by the offices, still is unjustified. The thing that now appears to come out, especially from my own and probably from all other area constituencies, is that workers find these offices now a certain kind of bureaucracy. They find a difference in our offices because, for riding, in the constituency office, we take the case of the workers because—let's say it—we have a political interest, we have to serve people. Now, in those kinds of offices there appears to be this kind of bureaucracy, and my workers come to me now from Downsview and they do not want to go to the worker adviser. They know about the two-year waiting time, and they do not want to go. When they complain today, it is just the kind of thing. The same thing was told to me yesterday by the member for Dovercourt (Mr. Pousella). The complaints were about the same thing, the inefficiency of the office.

I would like to ask Mr. Di Santo what he can do to these—they are not criticisms, he admits some of these things in his paper. But, knowing that, at least he believes in these kinds of principles, I wonder what he tells the workers when they go to his office and they complain about this. I wonder if he tells them that it is the fault of his office or the fault of the government.

**Mr. Chairman:** That would be classified as a question.

**Mr. Di Santo:** This is a cute question, in a way. I think that as we say in our report on page 1 we had in 1987 a total case load of 15,000

cases, which is 339 cases per worker adviser. We handled 12,000 cases in one year, and of course I agree completely with the honourable member when he says that the workers are, in many cases, not only dissatisfied but they also get angry because they cannot get service. But there is a relationship between the resources and the service we can provide, and it is as simple as that. If we do not have enough resources, we cannot provide service for all the injured workers who are coming to us.

In the western office, we have six advisers and there is no way we can serve all the workers who are coming to us. In the months of April and May, after the fiscal year when we did not have the surplus money available, which I was talking about before, we could not use temporary staff as intake counsellors. Now the worker advisers have to devote their time to do the intake, which means to do the first contact with the worker who walks in with his or her problem, and it is time consuming. We spend 20 per cent of our time in this operation.

From April 1 until April 30 we had 154 new cases in Downsview. With six people, there is no way we can serve all the workers we have, plus 156. We do not have the statistics for the month of May, but they are not very dissimilar.

**Mr. Chairman:** Mr. Di Santo, are there any limits on your mandate as advocates or on your ability to criticize the board? You are part of the Ministry of Labour so I would expect there are limits, as on any civil servant, to do a job on the minister, for example, but are there any limits on your rights to criticize the compensation board?

**Mr. Di Santo:** Well, as you can see from our report and from our presentation, there are many comments and criticisms, if you want to put it that way, that we make of the procedures and the way the board handles certain aspects of their mandate, such as rehabilitation.

To go back to the question the member for Downsview (Mr. Leone) raised, I would like to say that we have been trying and we have been trying very hard. As I said before, we had an inundation of cases at the beginning and now we are handling cases on an early intervention basis, which is giving some results, but with the present complement we cannot serve all the injured workers who are coming to us. I do not know whether unfortunately or fortunately, section 86q of the act is very generic and says that the Ministry of Labour will establish the office of the worker adviser and we are required to serve all the workers who walk into our offices.



**Mr. Chairman:** Mr. Leone, I was not trying to pre-empt you.

**Mr. Leone:** As a supplementary, this is why the criticism comes at this point. The solution given in 1985 was just Band-Aids, creating more bureaucracy and more runaround of the worker. We can see it; it is there. What should be done and should have been done at the time was to solve the problems at the source. Work on compensation—we attempt to do this—the regulations, the appeals, the adjudication system, because it is there that the first injustice is done to the worker.

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The report goes on. It goes back again to section 86 and the new regulation of the board that the board has the final decision in some of these cases. So we have just created a circle, and the work is to straighten it. We are not giving the worker the benefit of the law and of the act. We can see it. They do not have enough staff and this will be continuing, probably, until we create something.

**Mr. Wildman:** On a point of order, Mr. Chairman: I would just like to point out that it is the responsibility of this committee, as a legislative committee, to make recommendations to the assembly for changes in the act. If you are concerned about section 86n, that is something we can do. If you are concerned about the way the board is operating, we can make recommendations in our report. For that matter, we could make recommendations along the lines of the recommendations made at the Liberal convention recently about bringing in universal sickness and accident insurance and getting rid of the whole compensation operation.

**Mr. Chairman:** Anything else, Mr. Leone?

**Mr. Leone:** I have just one question now. How much is the total budget of the office of the worker adviser and what is the range of the counsellors' salaries?

**Mr. Chairman:** You could add a third on there, Mr. Di Santo. Mr. Leone has asked how much they earn.

**Mr. Leone:** How much is the total budget?

**Mr. Chairman:** The total budget and how much the worker advisers earn. I would ask a third one.

**Mr. Leone:** No, just the counsellors' range of salary and the total. The total is \$4.5 million there.

**Mr. Chairman:** Yes. Along the lines of Mr. Leone's question as well, how many of that staff

of 79 in the office of the worker adviser actually deal with injured workers and how many administration? For example, does every office have a manager?

**Mr. Di Santo:** To answer the member Downsview, on page 7 are the figures for budget. The total expenditures for 1987-88 is \$4,532,600. I cannot give you the figure for expenditures for the salaries of the advisers, but I can tell you that the range of salary, which is the range of the civil service, is in the \$36,000 to \$42,000 range.

As you can see on the preceding page, essentially, the office is organized with a director, a secretary and an executive assistant. There are four regions plus a special service unit, and in each office there are two or three worker advisers and one or two secretaries. The ratio is one adviser to three secretaries, basically.

**Mr. Chairman:** If an office gets plugged with cases, who decides on priorities? Who decides on whether or not that adviser has enough cases and that one does not have enough and is not doing enough? Who makes the decisions if you do not have a manager in the local office?

**Mr. Di Santo:** Basically, the managers.

**Mr. Chairman:** But they are not local office managers. I think we have a language problem here.

**Mr. Di Santo:** There are four regions. In each region, there is a manager, and the manager for each region makes the decisions.

**Ms. Collins:** The other day when the office of the employer adviser representatives were before the committee, one of the recommendations that was made to streamline the Workers' Compensation Board appeal process was to declare redundant the position of the decision review specialist. What they are saying is that those people that are now the adjudicators because they are more experienced people. In the end, you will have the decisions right the first time. Therefore, there will not be as many appeals in the system. I am wondering if you could comment on that recommendation.

**Mr. Di Santo:** We have not addressed that question directly because it is not one of our priorities. We have been trying to operate within the existing structures. Our experience in 1987 as I say in our report, tells us that we have been successful in fact in having a very high number of decisions reversed at the level of the decision review branch.

I can give you my personal opinion. What opens now is probably because of problems internal to the WCB. The adjudicators are in a situation where they make decisions that in many instances are reversed even within the board after immediate review. I do not know if that is because of an excessive workload or because of the way the work is organized at the board, but historically that is what happens. I think the chairman of the board made the same admission when he appeared before the committee.

I do not think that by eliminating the review branch, you solve any problems. If the adjudicator branch makes decisions at the beginning which are required to be redressed in such large numbers, I think we need a better adjudication process. If you have a better adjudication process, you can consider whether or not a decision review branch is needed. At this stage, I think you would move the problem to a different level, you would have the same results.

**Ms. Collins:** What they are saying is that the initial adjudication is being done by adjudicators who are not very experienced and then the people on the next level, the decision review, have the experience and they are overturning the decisions. You seem to be backing that up by saying you have a high success rate of appeals when it gets to the decision review branch. Would it not make sense to put those more experienced people on the front line?

**Mr. Di Santo:** I think we agree up to a certain point, in the sense that if you have a better adjudication system you do not require so many appeals. If you put senior staff at the initial level and then eliminate the second level, if you still have some junior staff, then it is an internal problem of the board. Certainly, at this stage, I do not think you solve any problems if you just eliminate the decision review branch.

**Mrs. Marland:** Obviously, this deputation is one of the most revealing to us as a committee dealing with this subject as to where the greatest area of concern is. It is very disappointing when you look at the kinds of case loads we are talking about and when we look at the projection of cases for this particular office is going to increase. Just at the outset, could I ask you—your answer earlier in response to what the worker says are paid that it was in the range of \$10,000 to \$42,000: could you tell us what the qualifications are that are required for that job, please?

**Mr. Di Santo:** They are classified in the public service as community development 3 which is a bureaucratic classification that proba-

bly does not tell you anything. It does not tell me anything, either.

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**Mrs. Marland:** Do they have a master of social work degree?

**Mr. Di Santo:** There is not a specific requirement in terms of academic or university degrees because it is not required in the public service, but the people we hire are people who have experience in the workers' compensation system, who have been working in legal aid training or as assistants to the MPPs. We are training your assistants now, so some of them may one day want to come and work for our office if they get really committed to our—

**Mr. Chairman:** If they do not get a raise.

**Mr. Di Santo:** Well, that is your problem, Mr. Chairman. Some of them, a very small minority, were legal aid workers who had been working in clinics, who specialized in workers' compensation. Some of them are lawyers, but there is not a specific requirement. They are basically hired on the basis of a competition run according to the Public Service Act, under the supervision of the human resources branch of the ministry. They have to qualify and are hired on their merit.

**Mrs. Marland:** Multilingual, of course, would be a natural, would it not?

**Mr. Di Santo:** Also, we have been encouraging injured workers to apply for the jobs. In fact, we have hired a number of them who are doing an excellent job.

**Mrs. Marland:** Who may well have already gone through the system.

**Mr. Di Santo:** Yes, they have.

**Mrs. Marland:** And nobody would understand it better.

**Mr. Di Santo:** That is right.

**Mrs. Marland:** On page 7 of your report, where you have your financial report, it is dealing with 1987-88. It probably is somewhere else in the report and I have not found it, but can you just tell me what the 1986-87 ballpark budget was and the 1985-86, since this is the third year of this office? I am just wondering what kind of percentage increase the office has received. That is the thrust of my question.

**Mr. Di Santo:** I could not remember correctly. Actually, I can tell you because I have last year's report. If you will give me a minute, I will look through it. It was \$3.6 million.

**Mrs. Marland:** That was last year?

**Mr. Di Santo:** Yes.



**Mrs. Marland:** That is about \$1 million, so we are talking about a 35 per cent increase almost.

**Mr. Di Santo:** In 1987.

**Mrs. Marland:** In 1987-88, it is almost a 35 per cent increase.

**Mr. Di Santo:** That is right. That included opening the offices in Sault St. Marie, in Timmins and the operation at the Downsview rehabilitation centre.

**Mrs. Marland:** When we talk about a waiting list and look at the numbers on these waiting lists, for a name to be on a waiting list has there been any initial contact or initial interview and is it at that point that you decide whether it is an emergency, urgent or whatever categories you have?

**Mr. Di Santo:** As I said in my presentation, initially we were inundated with thousands of people coming to us, so the initial intake was very summary and we were forced in a way to put everyone who came in on the waiting list. Now, for reasons of efficiency and also because we think many problems can be solved at a lower level, at an operational level of the Workers' Compensation Board, when a person walks in we do the interview and if it requires an initial intervention we do the intervention. If after the intervention we have a negative decision and it requires an appeal, at that time the person goes on the waiting list.

**Mrs. Marland:** That is the point at which they go on the waiting list.

**Mr. Di Santo:** That is the point. The reason is basically a question of resources, because when you reach the appeal level the time required is such that with the present complement there is no way we can serve every injured worker who comes to see us.

**Ms. Tait:** May I just add something very quickly to that? When the decision is made to put the injured worker's case on the waiting list, as Odoardo described, the waiting list date for all intents and purposes is that worker's first contact date with the office, so he or she has not lost any ground in terms of priority while we go through whatever intervention we are trying to do.

If we spend two or three months attempting to provide advice or make submissions to the claims or decision review branch and we are not successful, the worker's first contact date is the date that establishes his or her place on the waiting list.

**Mrs. Marland:** So that would help them somewhat?

**Ms. Tait:** Yes, somewhat.

**Mrs. Marland:** I know with all of us who have densely urban ridings, and certainly I do Mississauga South, it is the item my community office spends hours on the phone with. They tell me how frustrating it is, even dealing with the people in your office. It is not your fault that is frustrating, even the waiting on the telephone line and so forth. Sometimes when I am working in the community office I will say, "Give me the file and let me see what I can do." You wait on the phone for 10 minutes or so, just waiting for somebody. I can never understand why the file retrieval system is not better than it is in the different levels of workers' compensation, whether it is in your office or in the board office.

The amount of wasted time just reinforces to me the fact of why I am so glad this committee is having this opportunity to review the system. In my humble opinion, the system is not working to the interest of injured workers. If we are going to have a system we had better fund it to the level it needs to be funded to make it work so that people are not experiencing the frustration and the delays they are.

Second, it is interesting that the salary range is what it is. It is a fairly good salary range for your advisers, but the level of frustration they have to work at and the kind of problems they are dealing with would eventually wear the best people down, I think. It is too discouraging. Your report says it all. If you have a 23 per cent closure rate a year that has to be a very high level of frustration for your staff. I just know from my staff and my own personal experience that this has to be a better way.

**Mr. Di Santo,** at the beginning of your report when you talk about the office of the worker's adviser being established in 1985 by Bill 107 amendments and the new WCB board of directors, the Workers' Compensation Appeal Tribunal, office of the employer adviser and the Industrial Disease Standards Panel, you say, "We gave us a structure within which great steps forward have been made." I presume you made this statement for this report within the last couple of months. I was not involved with the process before 1985 so I cannot speak from personal experience, but if you tell us now that great steps forward have been made, I have to wonder where we started.

**Mr. Di Santo:** I think you are absolutely right. What I mean in my report is that the tribunal is being an independent adjudication body outside the Workers' Compensation Board, representing the workers and I think still represents, an extremely important



point of reference for injured workers, who more had all their cases adjudicated within the Workers' Compensation Board and felt totally frustrated. They felt they had no recourse to have the process, basically.

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With the opening of the office of the worker adviser, we have the problem of the waiting list, and it is exasperating, I can tell you. Although our office had to go through the experience of going for files in a limited number of cases, we had to do that last year 11,538 times. Because I mentioned it, every time you ask for a file, you have to wait five, six, seven, eight or ten days. If you have to repeat the same operation two or three times, you can understand the amount of time we spend only to retrieve the basic information that will allow us to help the injured workers.

**Mrs. Marland:** At these branch offices or regional offices, whatever the correct term is, how is that retrieval done? Are you saying it is done through a computerized system?

**Mr. Di Santo:** No. We do not yet have a computerized system. We have to call the Workers' Compensation Board.

**Mrs. Marland:** Then is it couriered in a package to the office?

**Mr. Di Santo:** Perhaps I should clarify, because we are talking of two different levels. There is an initial contact that we make with the board when an injured worker comes to us and discuss his or her problem. We have to identify the problem is and if we can intervene. We call the board and we talk to the adjudicator or to someone at whatever level the file is and see what we can do on the spot. That takes time. You know that. It takes five, six, seven days, one week or two weeks. It depends.

**Mrs. Marland:** Excuse me. Why, in your opinion, do you think that is? Does it take seven or eight days to get to the adjudicator or the staff person you are trying to get, who has that file on his desk or in his division, because he is gone five or eight days behind getting to the person who called before you?

**Mr. Di Santo:** The reason I have been given, of course it is a public reason, is that the file system the board has instituted at 2 Bloor Street West is a vertical system. It used to be a horizontal system when it was on Front Street. If you asked for a file, the file would come to you in a matter of minutes. Now it is a vertical system, split into I don't know how many levels. The file may be at

any level. That is why it takes so much time to retrieve it.

**Mrs. Marland:** You are saying that when they relocated, they changed the file system and that has added a week.

**Mr. Chairman:** The building changed.

**Mr. Di Santo:** The building changed. Front Street was a long building; this is a skyscraper. They could not relocate the file system the same way they had it at Front Street.

**Mr. Wildman:** That was Mike Starr's comment to this committee a number of years ago.

**Mrs. Marland:** So it is the physical plant. Are we saying the physical plant controls the type of filing system?

**Mr. Chairman:** To be fair, there is a certain tongue-in-cheek aspect to this whole discussion, because when that did happen there was not the degree of computerization there is now. Go ahead. We want to get at the delays, though, and keep focused on that.

**Mrs. Marland:** All right.

**Mr. Di Santo:** What I was saying is that we have experience that frustration every time we have to—

**Mrs. Marland:** When you call, you wait seven or eight days for the initial call back.

**Mr. Di Santo:** Yes, that is right.

The second level is that when the worker or one of your constituents receives a negative decision, at that point you have to decide if an appeal is required. At that point, you ask for a photocopy of the file, and that can take two, three or four weeks.

**Mrs. Marland:** For you to get the file from them?

**Mr. Di Santo:** To get the file, yes.

**Mrs. Marland:** How is the file transmitted to you?

**Mr. Di Santo:** Usually we have an internal system in Toronto. It is couriered to us.

**Mrs. Marland:** You physically get a file transmitted to you by courier.

**Mr. Di Santo:** That is right.

**Mrs. Marland:** Has anybody done an estimate on a computerized system instead of that kind of system, where the terminal on the desk brings up the file? Would that work?

**Mr. Di Santo:** We do not have the facilities at this point, and it is quite expensive. It is not even planned for the immediate future.

**Mr. Chairman:** It would be helpful to know that the district offices of the Workers' Comp-

sation Board have that system where they plug it in and it appears in the different branch offices; but keep in mind that the office of the worker adviser is an advocacy organization, not part of the WCB at all. As a matter of fact they are trying to get more out of the WCB, so there is not that kind of co-operation.

**Mrs. Marland:** So we do not know what it would cost to give you a computerized terminal retrieval system of those files that would be instantaneous, rather than waiting three or four weeks to physically get some paper from a courier? That is the system we are talking about.

**Mr. Di Santo:** That is right.

**Mrs. Marland:** In 1988 we are talking about couriers running around with files of paper; and there is that week that it takes to get the initial response on the file, then your decision, then your investigation as to whether it is a case you are going to take; and then when you decide it is a case you are going to take there is a month to get the file.

In the meantime, that injured worker could be without any income at all. If that injured worker is requiring medical treatment, is any of this an impediment to that, to his receiving the treatment he needs? If he does not have any money for treatment himself, which if he is not earning he probably does not have, are any of these delays an impediment to that injured worker receiving medical treatment?

**Mr. Di Santo:** It certainly is if we are dealing with a case of entitlement. It depends on what case you are doing. If it is a case of entitlement and the worker's claim was not accepted by the board, the worker is not paid until a final decision is made on his claim.

If it is a case of benefits which have been cut, such as total temporary being cut to partial temporary or if a supplement has been cut, the workers are not paid for that period of time. They may not have any other income then, and they do not get benefits.

**Mrs. Marland:** We are talking about money in this case, which of course is very serious, but if a claim is being made and that injured worker needs money to pay for physiotherapy, for example, because this physiotherapy is not covered because nobody is admitting that it is his responsibility, what we could be talking about here is if that worker is not able to get any money through social assistance then we are removing his access to medical treatment such as physiotherapy.

**Mr. Di Santo:** If it is initial entitlement, but the claim has been accepted they are usually paid for medical care.

**Ms. Tait:** Unless the decision is to deny ongoing physiotherapy, in which case you could be right. If it is not covered by the Ontario health insurance plan or something like that, then they are being denied access to that medical treatment.

**Mrs. Marland:** So all of these time delays are critical in more than just the financial aspect to that injured worker. It is possible they are critical to his access to medical treatment.

**Mr. Leone:** Supplementary.

**Mr. Chairman:** Would you allow a supplementary to that?

**Mrs. Marland:** Yes.

**Mr. Leone:** To clarify, I do not think medical assistance is deprived to injured workers because they go under OHIP anyway.

**Mr. Wildman:** That in itself can be a problem in dealing with the board.

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**Mr. Leone:** No. I mean it is not an impediment except in physiotherapy; yes in physiotherapy.

**Mrs. Marland:** What I am talking about is physiotherapy.

**Mr. Leone:** Physiotherapy, yes.

**Mrs. Marland:** Physiotherapy is the kind of treatment that is so critical to rehabilitation. It is also the kind of treatment that if it is not received at the time, obviously the condition deteriorates. What we are talking about here is at least a five-week process that is tightly identified. It is probably more than that, but we are talking about a five-week process which can be directly related to the treatment of injured workers in terms of their health—their physiotherapy treatment—which I think is very critical.

I would like to ask Mr. Di Santo if he would agree with this. I am getting the signals, Mr. Chairman. The irony is that if the physiotherapy treatment, for example, is delayed, the injury which is sustained becomes possibly more severe and the compensation then has to be greater. So the end-cost of this injury could be greater than needed to have been if the injured worker had been processed as expeditiously as possible at the beginning.

Is it not ironical perhaps that some of the money that is trying to be saved by not even being computerized, for goodness' sake in 1988, could end up being a long-term cost because the



bility is accentuated by the fact of the time e?

**Mr. Di Santo:** The office of the workers' ser is on record both in our presentation to Majesky task force and to the board itself that favour early medical and vocational rehabilitation intervention. That should start immediately after the accident or the injury, whatever the may be. Of course, if there is early intervention, we will not be faced with many of problems you are talking about.

viewing the present situation, if the file em delivery is expedited we also avoid some the costs that the board itself may incur use of the circumstances that you are ribing.

**Mrs. Marland:** Certainly, the file retrieval o be seriously addressed. Do you have other kers?

**Mr. Chairman:** Yes, we do, and Mr. Guigan had a supplementary. Maybe we can e back to you.

**Mrs. Marland:** No. If you have a list, I will d the floor. Could I just ask if we have a archer here today?

**Mr. Chairman:** Yes. Merike Madisso.

**Mrs. Marland:** I want to be sure that a ion is made that as a committee we pursue retrieval because that is obviously a very us element in this office. We recognize the ing list is the other serious element.

**Mr. Chairman:** We are keeping track of or concerns raised and the Workers' Com- ation Board is scheduled to come back re the committee at the end of our series of ings. Mr. McGuigan had a supplementary.

**Mr. McGuigan:** All I need is a clarification e file retrieval. I guess all of us agree that in a and beyond we would like to have the most ern system we possibly can.

ry to put myself in the position of a worker is at a desk. I have six or eight weeks of files waiting for my work. A call comes in. The e rings. I answer that and they want certain mation. It takes six weeks to get that from t. Does it really make any difference to me her I get that today or I get it six weeks from e because I have got six weeks over here?

m not trying to defend the situation, but I wonder if we had all these modern gadgets ll of them working, whether it would make ch difference as Mrs. Marland or any of us would like to think. It seems to me that if I orking at the desk and I press the button so e stuff appears on the screen, I am still going

to want hard copies of it to look at and confer with other people about and to sit down and make decisions and all that sort of thing. I am not just going to look at the screen and say: "Oh yeah, let's deny it; or oh no, we give in." I do not think you do things quite that way. You are going to ask the machine for hard copies and confer with other people, consult other cases and look up the books, all that sort of thing.

The case I am trying to make is that the computer is not going to do quite as much as people perhaps think it would do for them, when I have this six weeks, eight weeks here I am dealing with. It is the same in my office. I am working on a case. Somebody phones me up. They expect me to drop that case and go and get all the answers to their case.

Perhaps the person I am working on took the trouble of coming to Toronto, made a special trip to Toronto to see me and went to a lot of effort. The other person just picked up the phone. We all have that problem of dealing with cases. I am just trying to put it in a little bit of perspective. If you have any comments, I would appreciate it.

**Mr. Di Santo:** The file retrieval was not placed in our presentation because we really do not think it is a crucial aspect of our operation. Probably that is an issue the committee may want to raise with the chairman of the Workers' Compensation Board.

What we are concerned with is the way the adjudication is done now. We think that better adjudication will solve many of our and your problems. Also, the other aspect is that whatever we do affects people directly, real human beings, but because of the way the system works they are affected negatively and in some instances are penalized. They are in many cases the most vulnerable people in our society.

**Ms. Tait:** If I might add, when we mentioned looking forward to computerization in our report, the kind of new efficiency it will bring to the office of the worker adviser will be basically in producing reports like this. It is very important to monitor our own experience, to monitor the board's experience, to be able to report it, to be able to critique it.

Right now, developments in cases and counting cases of injured workers—as the report says, we are dealing with close to 15,000 injured workers' files a year—everything to do with those cases is being counted manually at the moment, and that is all pretty labour-intensive in the office of the worker adviser.

When we speak of computerization, we are looking forward to releasing some of the staff



hours that go into those sorts of counts back into providing service to injured workers. That is the 15 or 20 per cent of time we think we might gain in the future when our operations, our records management is on computer.

**Mr. McGuigan:** I appreciate what you are saying and I agree with everything you are saying. I think some of us have created a feeling, though, that if we were only computerized we would have instant answers, and that is just not so.

**Ms. Tait:** We do not have illusions that way.

**Mr. Chairman:** I will pass on a warning a bank teller gave me one time. She said computers are faster but they take longer.

**Mr. Wildman:** I would like to follow up on the question of backlog. I want to say at the outset that we appreciate in the Algoma-Sault Ste. Marie area the opening of the Sault Ste. Marie office. I also appreciate the tremendous backlog it is facing.

**Mr. McGuigan:** It is the same for Windsor.  
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**Mr. Wildman:** However, I want to deal with the question of the backlog. We discussed earlier your comments, Mr. Di Santo, on page 8, that you expect the average waiting time to be reduced to one year by September of this year. Has your office or have you received any directive or encouragement from the ministry that the waiting period should not exceed six months?

**Mr. Di Santo:** Sorry, I do not understand.

**Mr. Wildman:** I will tell you where that is coming from. One of the training sessions that you provide for MPPs' assistants was held in Sault Ste. Marie on Friday. I understand your manager of the Thunder Bay area was present, and he indicated that the ministry would not like to see any waiting periods exceed six months.

**Mr. Di Santo:** That was not a directive of the ministry. It was a kind of hope that in the future we could possibly reach an optimum where the workers should not wait more than six months. But as I say in my presentation, and I think I have to be very straightforward with the committee, I do not want to tell you that we are going to reach that situation in the near future, because we will not be able to do so with the present level of resources available to the office.

**Mr. Wildman:** That is what I want to deal with. If you are flat-lined—and I know you said you were not flat-lined; you explained that—but

the fact is that you have the same amount of year as last.

**Mr. Chairman:** Next year as this year.

**Mr. Wildman:** Next year as this year, right? So that means, in effect, that you are not going to be able to hire many more staff.

**Mr. Di Santo:** With the present budget, that's the situation.

**Mr. Wildman:** Right. So while the ministry would like and hopes to see a decline in the waiting period, at this point there does not appear to be a commitment to provide you with the resources that would make that possible.

**Mr. Armstrong:** In all fairness, though, the commitment would extend in areas other than just financial resources. The ministry is committing significant resources in terms of developing automated case management systems for the office of the worker adviser. It extends beyond just the dollar figures in terms of straight salaries.

**Mr. Wildman:** OK, but you also said on page 10 of your presentation that you were developing a set of case criteria which will allow you to utilize your resources more efficiently. You say you hope to implement your case selection policy by the fall of 1988 and will be advising MPPs when it is under way.

I would like to find out what this term "case selection" means. It seems to me that right now for obvious reasons, you are dealing with urgent problems. It would make sense that you would be dealing with urgent problems. Is that correct?

**Mr. Di Santo:** All kinds of problems.

**Mr. Wildman:** Well, suppose you have a lot of people with cases. One is working, he has an income, he has a claim; the other guy is off work and he has an appeal and he has no money. It would seem to me that if I were a worker adviser I would say I had better deal with this poor guy who has no money before I deal with the other guy. Is that a fair way of looking at it or not?

**Mr. Di Santo:** It is not really black and white because the criteria will be much more complex and will take into account several factors. Of course, financial situation is one of the factors, but it is not the only one of the bases on which we determine priority.

**Mr. Wildman:** Are there other factors things such as whether the individual has an option of a different representative?

**Mr. Di Santo:** Well, yes.

**Mr. Wildman:** Such as a labour union?

**Mr. Di Santo:** That is right. That is one of the factors. As the minister made clear, we cannot

point take the responsibility for representing the injured workers who need representation.

**Mr. Wildman:** No, I understand.

**Mr. Di Santo:** In fact, we have been doing training with your assistants, as you mentioned.

**Mr. Wildman:** The information I am dealing with came from one of those training sessions.

**Mr. Di Santo:** His assistant came last week to a training session. We think that by doing that, it will enable a larger number of people to represent injured workers at levels that they cannot deal with now because of lack of knowledge and because they are not experienced.

**Mr. Wildman:** I understand that, Mr. Di Santo, and I also understand that all of us, or at least I think most of us, have a backlog too of WCB cases. Certainly, it is not as extensive as yours, but if it were, that riding would seriously be in trouble. The fact is that we deal on that basis of urgency, unfortunately.

In fact, if we have a situation where someone is working and has an income but we think has a possible legitimate appeal, that person does not have the same urgency as the person whose family has no income, so unfortunately the individual who has an income keeps getting put off and put off and put off. If that is happening in my office, I admit it is happening in my office, is it happening in yours?

**Mr. Di Santo:** Right now, it is not happening because we do not have case selection criteria in place. We have been operating now on a first-come, first-serve basis. Of course, if there are exceptional circumstances, we take that injured worker and serve him because of the exceptional circumstances. If you are talking about when the case selection criteria are in place, at that time we will have a number of criteria that will guide us.

**Mr. Wildman:** That was what the question was intended to find out: what this case selection might mean.

**Mr. Di Santo:** It is not finalized yet, and we are working on it. Quite frankly, we do not want to have case selection criteria. That is a last resort for us. If the number of cases is what it is and the resources available are what they are, we have no choice; either we reduce the service or we release the resources. For us it is something we do not like to do but we have to work on it. We have to take into account many elements, many factors. One of the factors, of course, is the financial situation of the injured worker.

**Mr. Wildman:** We appreciate the efforts that are being made to assist us in training our staff, but if we have a backlog of, say, a person—I will use an extreme example—who has been waiting for five years to deal with a compensation problem but who is working steadily, has an income coming in and could conceivably wait another year, we cannot deal with that person because we have cases of people who are without any income at all. So one of your criteria should be an urgency one, particularly if one of your other criteria is that if that person has another representative, there is no possibility of us referring that long-term case to you and that person will not be dealt with.

**Mr. Di Santo:** As I said before and I want to repeat, the factors which will be taken into account will be numerous, but one thing I want to make clear is that we will not apply a means test to the injured workers. If there are extreme, difficult financial circumstances, that will be one of the factors; that will not be the only factor. I think it would not be fair or acceptable for us to introduce a means test in the selection of the cases we want to deal with.

**Mr. Wildman:** I understand that and I would not do that either, but the fact is—I will be quite frank. In my own particular situation, if an individual cannot put food on the table for the weekend, I am not going to say, "Well, sorry, I'm dealing with someone else who has an income and we're not applying a means test."

**Mr. Di Santo:** That is right.

**Ms. Tait:** It is not a red herring but it is not quite as black and white as that, because as it turns out, only a small percentage of the workers we have among our case load have an income beyond WCB or social assistance. It is something we will canvass among all the other things we will canvass. In a way, the same kind of thinking might apply if we are selecting cases as to what the benefit of the case is for the worker.

Just as an example, if we had to choose between two cases where, with one case the remedy was going to be two or three weeks of temporary benefits from a couple of years ago and another case was going to be entitlement to a permanent pension for life, we might give the latter case priority over the former case. Maybe that kind of more complex—there will be several factors which will be integrated into that.

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**Mr. Wildman:** OK. I understand that in the Sault office, because you were inundated with new cases when you first opened up, because



they had not been dealt with in the Sudbury office because of its serious backlog, you are now working on late-winter 1987 files. You are about one year behind now.

**Mr. Halonen:** That is true.

**Mr. Wildman:** OK. I also understand that, because of the difficulty—and I am not being critical of this—in obtaining a French-speaking adviser, none of your French-speaking cases have been dealt with, no matter how old they are.

**Mr. Di Santo:** Jorma Halonen is the manager for the northern region.

**Mr. Wildman:** It was Mr. Halonen I was quoting a moment ago, about the six months.

**Mr. Halonen:** Well, it was not quite a quote; it was a paraphrase. In any case, I do not think any francophone has been without service. If they have come to our office at a particular date, their files have been opened. We have interpreters who do work for us at this time, for all the offices, and we can call them in. So if they are on a waiting list, they are on a waiting list simply because their turn has not come up for service.

**Mr. Wildman:** I am not going to argue with you but I have a list of them right here.

**Mr. Di Santo:** I would add that the office of the worker adviser has complied with Bill 8, and we have been trying to have francophone worker advisers in all the regions designated; but also I think it is an example for the civil service. We have services in many languages and, in our office staff, many ethnic groups and minority groups are represented, as well as women.

Of course, the members of the committee must realize that, given the specificity of this job, it is difficult in many instances to find work advisers who are skill-ready. Therefore, if in Sault Ste. Marie we had hired someone—as we have hired a person in London now—with no experience, it would take a long time to train that person, which means that will have a negative impact on the backlog.

I think that is the reality, but we are trying to respond to the needs of the injured workers in their languages, in their cultures and, of course, in the areas with heavy francophone population, we have work advisers who are fully bilingual.

**Mr. Wildman:** Well, you do not in the Sault office.

**Mr. Di Santo:** In the Sault office, it was—

**Mr. Wildman:** And I understand that. Let's be clear that you do not.

**Mr. Di Santo:** It was an objective difficulty that had nothing to do with our planning or with

the requirements that we had with the situation. Recruitment did not allow us to hire a bilingual person.

**Mr. Wildman:** I have two other questions, Mr. Chairman.

**Mr. Chairman:** Do you think you could ask someone?

**Mr. Di Santo:** We could not find anyone.

**Mr. Wildman:** No. I understand the history that. It is very difficult in the Sault to hire a qualified person who is also bilingual. If we were bilingual in Italian, it would be easy.

**Mr. Di Santo:** That is right. In fact, I was told there was a requirement for an Italian-speaking person; instead we hired francophone support staff who will help to provide service.

**Mr. Wildman:** I have two other questions to deal with policy rather than the backlog, or policy change. I do not know whether you would like me to yield the floor and then come back, Mr. Chairman.

**Mr. Chairman:** There are two other members who have indicated they have questions. Maybe we could go to them and then come back to you.

**Mr. Wildman:** OK.

**Mr. Brown:** I too am very concerned with the backlog and providing service, and with Mr. Leone's conversation about creating another bureaucracy to deal with a bureaucracy.

I am just doing some fast calculations. Every member of the Legislature could receive approximately \$38,000 per year to provide the service that a lot of members used to provide, in addition to what he has today. It would mean that we would be dealing with an extra nine cases a month, I think, to carry out the 12,000 cases.

**Mr. Chairman:** I am missing something here.

**Mr. Brown:** Well, I just did some quick calculations. If you divide the 12,000 cases divided by last year by 130—these are rather rough calculations—what I guess I am talking about is this the most efficient way to do this?

When people are in this situation, they want help. The reason they come to a worker adviser in the first place is that they do not understand bureaucracy, and there are not many of us who understand bureaucracy. They come for a personal touch. They do not want computers to retrieve their files. They want somebody who is going to look after them.

Could you give me some numbers? Maybe the arithmetic is not particularly good here, but it seems to me that if each member of the Legislature, for example, had almost \$40,000



ditional staff and expenses to deal with nine cases, if you work that out, I think it works out to about 13 hours per case.

**Mr. Di Santo:** I am not very good either at mathematics, but if each member of the Legislature had another adviser, they would have—how many members, 130?—probably 90 more cases each, but if we had 100 more advisers, we would not have any backlog at all.

Interjections.

**Mr. Chairman:** I think you two guys deserve each other.

**Mr. Di Santo:** I want to dispel a concern that a member raised. By no means do I want to leave the impression with this committee that the workers who come to our office are confronted with a bureaucracy, because the people who come to our offices are human beings who are treated by us as human beings. We are involved in a bureaucratic system and we have to operate within the bureaucratic system in order to help them. If we cannot provide the service in a fast, efficient way, that does not mean we are not compassionate and that we are dealing as bureaucrats. That is not the case at all. It is because of the fact that we have limited resources that we cannot serve all the workers who are coming to us.

I will tell you that even though in the public service there is no requirement for overtime, all worker advisers are working overtime. If you wish to visit any of the offices on the weekends, you will see that our people are working there. They are not required to do that, and as Mr. Guigan said before, you spend hours on a file because you want to get acquainted with the matter and want to get ready for the appeal. Of course, if we were bureaucrats, at five o'clock everybody would go home.

**Mr. McGuigan:** At 4:30 or 4 p.m.

**Mr. Di Santo:** At 4:30 p.m.

**Mr. Chairman:** Mr. Brown, was there anything else?

**Mr. Brown:** No, I guess that is it. Do you have such studies that tell you what the cost per case load is? I certainly did not mean to imply that the people were not compassionate and that they were not doing a good job or any of that sort of thing. What I was trying to get at was the fact that sometimes bureaucratic models, by their very nature do not respond to people's needs particularly well.

**Mr. Di Santo:** Yes.

**Mr. Brown:** That is not your fault; I am mainly not suggesting that.

Do you have some figures to show what kind of efficiency, broken down by case, in dollars per case? Maybe you could hire a good lawyer. I mean, not that you are not.

I will start again. Maybe you could pay lawyers or somebody like that and have the job done for half as much money; I do not know.

**Mr. Wildman:** I doubt that very much.

**Mr. Brown:** We do not know, Mr. Wildman, because we do not have those—

**Mr. Wildman:** Better not get lawyers involved. They win; boy, they win. The workers may not, but the lawyers sure will.

**Mr. Di Santo:** We do not have that breakdown, but if you look at our budget, the resources available, the staff that we use and the case load that they been dealing with, then you can come to your own conclusions. But we do not do that because we are a branch of the Ministry of Labour. Basically, we operate like any branch of the government.

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**Mr. Wildman:** I am not sure my friend the member for Algoma-Manitoulin (Mr. Brown) is suggesting contracting out, but I want to ask if you believe it is possible to do that.

Hypothetically, if we were to follow the scenario suggested by Mr. Brown and the Workers' Compensation Board and the ministry were to calculate the total cost of your office and say, "OK, we will just divide that among the 130 members of the Legislature and let each one hire one additional staff in his constituency office," would the workers on your lists be in any way better served?

**Mr. Di Santo:** I think that question is a provocation. Everyone understands that the more people who are available to help injured workers, the more service is available and the lower is the backlog. But if you make a fast calculation and you multiply \$38,000 by 130, you go much above the total budget of the office of the worker adviser.

**Mr. Armstrong:** An additional point has to be made that if our work is viewed as one-dimensional in terms of only case work, then potentially, I suppose, in dollar figures that might be the case, but it is much more than that, as indicated by Mr. Di Santo's presentation. The members with those resources would still not have the resources to do in-depth research and make presentations to the Workers' Compensation Appeals Tribunal and what not. That is an integral part of our operation in terms of the systematic improvement of compensation.

**Ms. Tait:** I would like to add one more thing. In Mr. Brown's scenario, if each of your new constituency assistants got nine cases a month over a year, I suggest that by the end of the year they would have 108 cases per constituency worker. That still would not be resolved because of the amount of time it takes to go through the appeals system, so it would not necessarily help.

**Mr. Chairman:** I know the complexity of the system now is much greater than it was even a few years ago because of WCAT. That is not meant as a criticism of WCAT as much as it is just a fact of life. Preparing an appeal to WCAT now is much, much different than it used to be in simply preparing an appeal to the compensation board. It is much, much more difficult.

**Ms. Tait:** Are the members of the committee helped by costs-per-case kinds of analyses? There are a lot of cases we do take and resolve. The backlog is only about 20 per cent to 16 per cent, I guess.

**Ms. Collins:** I wanted to ask about the advisers' workload as well. You say that the average case load is presently 100 cases but that includes both summary and representation cases. Is that correct?

**Mr. Di Santo:** Yes.

**Ms. Collins:** Could you explain to the committee, first of all, the difference between summary and representation?

**Mr. Di Santo:** Perhaps it would be more helpful if we look at the report. On page 8, we explain what an advisory case is. If you want I can read it, but it is probably time-saving if I do not.

"Advising" means for us to advise the worker about the provisions of the Workers' Compensation Act that pertain to his or her problem and the benefits that are available to him or her. We explain basically how the act relates to the injured worker who comes to us. Also, we explain to the worker how to initiate a claim if it is an initial entitlement, how to object to an adverse decision, and if there is a need for evidence, how to acquire evidence, witnesses or medical reports, whatever the case may be.

We also draft a letter of objection. If the case is such that it requires only an objection, we draft an objection and that worker will submit it to the operating branch, review branch or adjudicating branch.

**Ms. Collins:** Would it be fair to say that summary cases would require the adviser giving advice, making a phone call or perhaps preparing a letter?

**Mr. Di Santo:** Contacting the board on behalf of the worker, discussing the case with the board and seeing what the result is; advising the worker about other benefits. It is not just a simple inquiry. It is an interview with the worker and many times requires one or two hours. We have calculated how much time—

**Ms. Collins:** Have you looked at that average of 100 cases and broken it down as to the percentage that would be summary and the percentage that would be representation?

**Mr. Di Santo:** Basically, I can tell you that we aim at an optimum of 70 appeals at any given time and 30 cases which are "advisory or intervention."

**Ms. Collins:** In this future case selection policy, the one you were talking about earlier, have you considered doing, I guess, the majority of representation cases rather than summary advice, which might be left to constituency offices and so on?

**Mr. Di Santo:** Sorry; I could not hear.

**Ms. Collins:** Have you considered, in the selection policy you are developing for later this year, taking just representation cases rather than summary advice cases, and leaving the summary advice kind of cases to legal clinics, union constituency offices?

**Mr. Di Santo:** We have addressed that issue but you will agree with me that you need an initial contact with the worker and per se that requires a certain amount of time to discuss the case. Once when the case is discussed can you decide whether an appeal is required or what type of intervention is required. But that is one of the factors we are considering.

**Ms. Collins:** I mention that because I know a number of legal clinics use other agencies that actually the referral's source and they know which ones require legal representation, if I am like. Then they refer that to a legal clinic and it becomes a file and so on. Not all of them give that much summary advice.

**Mr. Di Santo:** Also, Ms. Collins, I probably have the same experience. You know an injured worker may come several times to your office but that is still one case for us.

**Ms. Collins:** I understand that. Thank you.

**Mr. Chairman:** Another question, Mr. Di Santo: On page 18 of your abbreviated brief, at the very bottom, you say, "Occupational disease entitlement continues to be a significant area of concern," and you recommend that, "all present policy diseases be reviewed with a view



ding in which schedule they belong." Why is a problem? I do not understand the point. is at the bottom of page 18 and the top of e 19 of the brief Mr. Di Santo presented y.

**Mr. Di Santo:** What was the question, Mr. rman?

**Mr. Chairman:** You are recommending that present policy diseases be reviewed with a to deciding in which schedule they belong." is that a problem? I do not understand the t you are—

**Mr. Di Santo:** Right now, industrial diseases occupational diseases are spread all over the d and we think there is a need for— As you v, every year a number of new diseases is pted by the board. Some of them are strial diseases and some of them are omic-generated diseases, and we think should be a more precise classification in chedule because if that happens there is less etion on the part of the board.

**Mr. Chairman:** I see. My other question has o with coverage. You make an interesting , on the bottom of page 17 and the top of 18, that I have often thought of for different ns than you are referring to here. You are g there are people in Ontario who are not ed by the Workers' Compensation Board. I o those are people like stockbrokers, bankers o forth. Is that who we are talking about?

**Mr. Di Santo:** We are talking about waremen, bartenders, janitors, video display al operators.

**Mr. Chairman:** Right, but does that not also de—

**Mr. Di Santo:** People in real estate, people in nks, yes.

**Mr. Chairman:** You are making the point—it s to me valid—that those people do not have coverage. I have always thought the board should be fighting for this, because more e contributing to the assessment pool makes ier on the ones who are paying out the ity of claims. I think stockbrokers and rs benefit from the activity that goes on in o, for example, which this committee is amiliar with. Those people benefit from the y industry in the province, and yet they are aying into the assessment.

**Mr. McGuigan:** You were not asking me, but uld like to say we really do not have s-subsidization in the process. In my own

business, I have two categories. As a fruit and vegetable grower there are two categories, but I do not get help from the miners and I do not help the miners. It is simply on my particular group.

**Mr. Chairman:** Yes, but you are paying into it. We are talking about people who are not paying into it at all. You are doing your share as a farmer.

**Mr. Miller:** I do not think so.

**Mr. Chairman:** You do not think he is doing his share?

**Mr. Miller:** I do not think many farmers carry it directly.

**Mr. McGuigan:** There are lots who do not. I do not see your point that bringing in these other people would help, because you do not have cross-subsidization in the system.

**Mr. Chairman:** This is not the time to debate it, with the Office of the Worker Adviser here, but my point is that basically, because everybody benefits from the heavy work that goes on out there in our society, like mining and lumbering, all employers should contribute to the pool because they benefit from that kind of work too. Yet they are not contributing to the compensation costs. That is my only point.

**Mrs. Marland:** Where does that end?

**Mr. Chairman:** It does not. You have to think bigger.

**Mr. Di Santo:** You were not yourself in the chair in 1985, but that was a recommendation of this very committee.

**Mr. Chairman:** Yes, it was. That is absolutely correct. I am perhaps bringing to the floor old memories.

**Mr. Wildman:** In that regard, I asked the employer adviser this question and now I will ask you: Is an employer required or should he be required to advise an employee at the time of employment whether or not that employee is in one of those groups that is not covered by compensation?

**Mr. Di Santo:** I think you would not have that problem if all the workers were covered under the act.

**Mr. Wildman:** Sure, obviously.

**Mr. Di Santo:** I think certainly that would make the worker aware of what his predicament would be if he had an accident.

**Mr. Wildman:** I have three cases there. One is of a bank employee who worked 36 hours a week but was considered part-time. She hurt her back. She found out when she hurt her back that



she was not eligible. She just took for granted previously that she was eligible. Another woman, who worked part-time at a ski resort, found when she was injured that she was not eligible. Another woman, who worked as a bartender, never thought about it, I guess, until she hurt her back and found that she was not eligible. At no time did the employer ever inform them that they were not eligible so that they could get private insurance or whatever.

**Mr. McGuigan:** Just as a matter of interest, would that worker not have a full right to sue the employer?

**Mr. Wildman:** Sure.

**Mr. McGuigan:** It is more in the employer's interest—

**Mr. Wildman:** Yes. I do not understand why the employer would not—

**Mr. Chairman:** It would be negligence, that is why. There is a big difference.

**Mr. Wildman:** If they were going to win benefits they would have to prove that somehow the employer was at fault with regard to their injury, whereas in the one case—I will not mention which of the three cases—the worker was at fault. But if they were eligible for compensation that would not have mattered.

**Mr. Di Santo:** The Workers' Compensation Board is no-fault insurance.

**Mr. Wildman:** Also, my leader, when he appeared before the committee when Dr. Elgie and the minister were present, raised the issue of the worker who is found to be sensitive in terms of industrial disease and cannot return to his or her workplace because of that sensitivity but, as a result of board policies, is not eligible for compensation benefits. He raised the case of lead levels in blood.

I have a case of an individual who has contracted asthma as a result of exposure to isocyanates in an automotive repair shop, who cannot return to that workplace yet is not considered to be eligible for a pension. He has been in touch with the rehab office but so far has not been able to get a job. He was getting some benefits when he was on rehab, but that is now going to be cut off next month.

What happens to this kind of worker? Have you made any representation to the board for changes in its rehab policy, or, even if these people cannot be rehabilitated, for dealing with those people who seem to fall through the cracks because of exposures in the workplace and what might be called pre-industrial-disease condi-

tions? They are not yet considered by the board to be ill enough to be compensated.

**Mr. Di Santo:** As an advocacy group, of course, we have been making efforts so that the largest possible number of workers who are injured as a result of employment be compensated. Therefore, if you ask me if we agree with you, I can tell you—

**Mr. Wildman:** No, I was not just asking you agree. I was wondering if you have made representation to the board on that.

**Mr. Di Santo:** As a matter of fact, we made representation to this same committee last year because it is a problem. Today not only is industrial disease but also ergonomic conditions there are a number of injuries that result because of working conditions.

This is not the only jurisdiction where it happens. I was at a conference yesterday where I learned that in Sweden last year they paid more than two million days lost because of the conditions. For Sweden, which is rather a small country, it is quite an impressive amount.

**Mr. Wildman:** But with about the same population as Ontario.

**Mr. Di Santo:** That is right.

**Mr. Miller:** When were you over there?

**Mr. Di Santo:** No. I was at a conference at the American embassy.

**Mr. Miller:** In Toronto?

**Mr. Di Santo:** Yes.

**Mr. Chairman:** Mr. Di Santo, Ms. Tait, Mr. Armstrong, and Mr. Halonen, thank you very much for your appearance before the committee. As I said earlier, we are trying to compile all the major suggestions which are made, and at some point after the hearings we will try to come to some conclusions. We will make sure you have a copy of it when we do.

Thank you very much for your appearance before the committee.

**Mr. Di Santo:** Thank you for allowing us.

**Mr. Chairman:** The committee is adjourning until tomorrow after routine proceedings. It is this room again tomorrow.

**Mrs. Marland:** Can I just ask a question? The provision for the meeting instead of Monday night been addressed?

**Mr. Chairman:** Yes, it has. We are going to meet Monday afternoon. The clerk has been in touch with the groups and it has been condensed into the afternoon.

**Mrs. Marland:** Was there not another available?

**Mr. Chairman:** No.

**Ms. Marland:** OK. Did we clear up when the matter was discussed in the committee?

**Mr. Chairman:** I did not pursue it any further because we are not going to do it.

**Ms. Marland:** I just feel badly that there was a misunderstanding, because I certainly was not aware of it originally and would not have let it

get that far down the schedule unless I was sure it could be covered by us. Our problem is that there are not enough of us.

**Mr. Chairman:** I understand that. I wonder if, after we have adjourned, the committee members could just stay for one minute.

The committee adjourned at 6:01 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

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Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Clerk:** Decker, Todd**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:****From the Ministry of Labour:**

Di Santo, Odoardo, Director, Office of the Worker Adviser

Tait, Rosemary, Manager, Toronto Office, Office of the Worker Adviser

Armstrong, Roy, Manager, West Toronto and Niagara, Office of the Worker Adviser

Halonon, Jorma, Worker Adviser, Thunder Bay, Office of the Worker Adviser









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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario



**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Thursday, June 2, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back together with a list of the members of the committee and other members and witnesses taking part.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, June 2, 1988

The committee met at 3:46 p.m. in room 151.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986

(continued)

**Mr. Chairman:** The standing committee on resources development will come to order. We are continuing our look into the annual report of the Workers' Compensation Board. We have heard from a large number of groups and today we have before us the Employers' Council on Workers' Compensation. Jim Yarrow is the chairman of the employers' council. I hope I am that right. Welcome to the committee, Mr. Yarrow. We would appreciate it if you would introduce your group and do your thing.

### EMPLOYERS' COUNCIL ON WORKERS' COMPENSATION

**Mr. Yarrow:** The Employers' Council on Workers' Compensation appreciates the opportunity to appear before you. We are here to present from our perspective the employers' views regarding workers' compensation in Ontario. With me this afternoon, I have to my immediate left Judith Andrew, representing the Canadian Federation of Independent Business. To my right is Brian James from the Rubber Association of Canada. To my right is Gerry Macet of the Gloucester Organization Inc. and representing the Retail Council of Canada. To his right is Ted Nixon of William M. Mercer Ltd.

Some of what is said here today will not be new but simply restated in 1988 terms. Much of what is said here today will in fact be new. This year, perhaps as never before, our council is able to deal with some very crucial, very topical subjects. Not only has employer concern heightened since we met with this committee in 1987, but also we are aware that the Ministry of Labour is following up on its papers on pension reform, cost containment and rehabilitation. Those events have galvanized our desire to be heard and understood before the fact in terms of establishing a fair and sustainable workers' compensation.

Before we do that, lest it be forgotten in the statistics and figures to follow, let me once again raise some general concerns about workers' compensation as seen by the employer communi-

ty. Employers for the most part do not understand section 86n decisions, the significance of the Villanucci leading case or the impact of removing the ceiling on compensation wage payouts or the fine points of permanent partial disability.

What they do understand only too well is that from a deficit of \$40 million in 1980, the system is \$6.2 billion in debt in 1986, the last year for which we have figures. They do understand the cost of it as assessment rates rise several times the rate of inflation, much of the rise to pay the interest on that deficit. They do understand that the system with all its spending is still unfair and demoralizing to workers, causing some who require rehabilitation to wait up to 15 months and more just to get into the system. They do understand that the cost of that time interval is added right on to the employer assessment. They do understand that the word "accident" has lost all meaning in adjudicating claims both by the Workers' Compensation Board and the Workers' Compensation Appeals Tribunal on appeals.

In short, they do understand that workers' compensation, in business terms, is and has been for some time out of control. They do understand that changes must occur or, like so many dominoes, businesses, particularly small businesses, will start to go under too. I wish I were exaggerating, but sadly I am not.

Now to the specifics. The employers' council, recognizing the need to deal with possible legislative changes to the Workers' Compensation Act this year, hired the highly respected firm of William M. Mercer to prepare a short presentation on what we, the employer community, feel are the issues the government and the Workers' Compensation Board ought to be addressing before they make any further changes to the act.

Ted Nixon will make this presentation, and later, when we complete the remainder of our presentation, we are naturally prepared to answer questions.

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**Mr. Nixon:** Maybe I will just say, first of all, that W. M. Mercer Ltd. has worked with the employers' council for about five years now, primarily on issues of assessment rates, assisting with the introduction of experience rating and appearing before this committee from time to

time as well, but primarily on finance issues. This go-around what they said to us was:

"Ted, we are always pilloried for talking about rising costs. It is natural for us, as employers, to talk about dramatically increased costs in the system because, in fact, they have gone up dramatically. But every time we sit among ourselves and talk about it, it is not simply the absolute dollar increase in costs that bothers us, because everybody knows there is inflation, there have been some legislative changes and all the rest of that kind of thing. But you know from talking with us that there is a certain aspect of the rising costs that really bothers us. We enunciated it in words. Do you think you could try to capture that in terms of dollars for us, because we feel it would give us better credibility when we talk about rising costs?"

That was the challenge this time in terms of the study we did for them, beginning in April. Any discussion about finances and costs in workers' compensation always ends up starting, really, by looking at accident frequency rates. In terms of accident frequency rates with lost-time accidents, one should be fairly clear what we mean by that. We are talking about lost-time accidents. We are not talking about health care claims here. We are talking about accidents for which some compensation has been paid. Typically, they start out as temporary compensation claims and we are pretty familiar with those.

So the accident rate or the frequency rate is the number of accidents per 100 workers each year and that accident rate really has remained very stable between five per cent and six per cent. In other words, five to six accidents per 100 workers when viewed over the past 10 years. We have used a 10-year time frame for a lot of this work, going from 1976 through to the end of 1986.

You can see that it has never really gone much below five at all and it has never really gone much above six. There was a bit of a dip here during the recessionary period and, typically, what I think most people see there is that the younger, less experienced worker was getting laid off—or there was no real new hiring of the younger, less experienced workers—and the older, more experienced workers tend to have fewer accidents.

As we came out of the recession and there was some growth in the workforce, two things happened. Some younger, inexperienced workers got back in the workplace, tending to have a few accidents. But there was a subtle change in the definition of an accident, and most of us are

starting to become rather familiar with that. There are more things being accepted under the definition of an accident than was previously the case. In any event, there is not much dramatic change in the frequency rate over 10 years.

There are a couple of other fairly important points. First, the total number of incidents in absolute terms: The blue bar represents the number of incidents, which means health-care only claims plus lost-time accidents. You see that right in the board's annual report, right on the front page, the statistical page, right up at the top. In the range of 430,000 to 440,000 incidents per year are reported, and that has not changed much at all in absolute terms over 10 years. It is still in the 430,000 to 440,000 range.

There has been about a 28 per cent growth in the workforce over that period, but really much change at all in the absolute number of incidents being reported. You can say: "Well, that sounds kind of funny because you just told me that the accident rate per 100 workers stayed about the same, so if the workforce went up there had to be more lost-time accidents in absolute terms over 10 years," and yes, there is. What has happened is that the health-care-only claims, the absolute number of them, has fallen over 10 years and the two have about balanced off and you have about the same absolute number in total.

Second, dollars of benefits being paid out in 1976, about \$325 million was paid out in benefits. In 1986, after we get rid of inflation which was about 100 per cent over the 10-year period, there is \$563 million of benefits being paid out. In fact, I think probably if we look in the 1986 report there is something over \$1 billion of benefits being paid out. It was about 100 per cent inflation over the 10 years. If you deflate it, so we can talk in constant dollar terms, we have still had about a 70 per cent increase in benefits paid out.

So we have seen we do not have any increase in the number of incidents. We get a constant accident rate and a dramatic increase in the dollars paid out over 10 years. So the question is this: Have we really seen a dramatic shift in what this compensation system is doing? It is dramatically different in shape and size configuration than it was 10 years ago?

In fact, these two pie charts will show that is not. It is still a compensation system that pays out about 50 to 55 per cent of the total benefits payments for short-term claims, about 28 to 30 per cent, the white section of the pie here, for pensions—lifetime pensions, disability and survivor pensions—and something in the range of 15



per cent for health care claims. There is a small decrease in the health care component. As I finished saying, the number of health care claims went down.

There was fairly significant inflation over the years, so we have not got a really big change. Perhaps the only really significant change is that the dollars paid out for lifetime disability pensions and survivor pensions have risen from 28 to 32 per cent of the pie. The system has got a similar configuration to before.

Well, OK, why do we have this big real-dollar increase that I just talked about in benefits paid after you get rid of inflation? We looked more closely and said, "Let's look at both temporary compensation and disability and survivor pensions and see what has happened over 10 years to date." In 1986, for short-term temporary compensation payments, some \$587 million was paid in total. In 1976, there was about \$170 million or \$180 million paid out.

Now if nothing else had happened, you would expect to have about the same dollars paid out in 1986 for temporary compensation. We have seen that we had a relatively level accident rate. If you had no growth in the workforce and no inflation, you would expect to see about this amount or \$170 million or \$180 million paid out in 1986. But that did not happen, so how do we account for the dramatically higher number in absolute terms?

There was some growth in the workforce, the size of the pie here—about a 28 per cent growth in the workforce over the 10-year period. So if you had got the same accident rate per hundred, you would simply be going to pay out more dollars because you have more lost-time accidents, more temporary compensation claims. I said there was about 28 per cent inflation over 10 years. Well, if you take the orange pie here, this section of the pie, which was the 1976 level, add some workforce increase causing some payments and that puts it up to about 39 per cent and change here. We can attribute it for inflation and we have accounted for the amount of the \$587 million.

If we had some legislative changes, in 1985 in particular, and the legislative change that particularly affected the short-term temporary compensation claims the most was the growth in the earnings ceiling. The earnings ceiling growth has been about seven per cent greater over the 10-year period than inflation and average wages. That accounts for a small part of the increase. So you are left with about 15.5 per cent of the pie, or 15.5 per cent of \$587 million, which is about \$92 million in 1986. It would be a lesser

amount in earlier years but the same thing could be laid out. There is about \$92 million that is really unexplained and the employer has said to me:

"That's what we're upset about. That's what we get concerned about and that's really what we complain about, Ted. We accept that there is a level of compensation being paid and the system pays. Yes, we have to strive to get the accident rate down and we do. We accept there is going to be inflation. We accept there is going to be a growth in the workforce. We've argued about legislative changes but that's the will of the people and the legislators and once they are in, we've got to live it. But this we have trouble with. We can't pin it down. We can't find in the act why those dollars are being paid out. We can't find anywhere that there was a legislative intent to have those dollars paid out."

If we looked at disability and survivor pensions, there is a similar kind of result here. I can walk through this similarly and say that whereas in 1986 there is \$356 million paid out, in 1976 dollars at the 1976 level, you would have had only about 18.3 per cent of that amount paid out, which is some \$60 million, I guess.

## 1600

With disability pensions you simply have a growth in the number of recipients of disability pensions for a long period of time, because disability pensions are added at the rate of about five per cent to nine per cent of the injured workers getting disability pensions. The only way they come off is by death. You are simply going to grow that cohort of disability pensioners for quite a number of years before it stabilizes, unlike temporary compensation where the recipients churn over every two or three years and you reach a fairly mature level much more quickly.

Growth in the workforce does not account for much because only five per cent of the workers get injured to start with and then only eight or nine per cent of those ever get disability pensions. The real growth here is just from the new disability pensioners being added. There is about 100 per cent inflation again which, if you added this and this together and doubled it, is close to that.

There were some legislative changes, again in this area. The legislative change that had a more significant impact, in addition to the growth in the earnings ceiling, was the change in the survivor benefit. It effectively doubled the value of the survivor benefit.

We are left then with about 13.5 per cent of the \$356 million, so-called unexplained if you like,

or about \$48 million, for a total of about \$140 million in 1986, and it is difficult to pin down why that is being paid.

I might add that the Peat Marwick study that was commissioned by the Workers' Compensation Board earlier this year has similar numbers when you get to the end of its study. It ends up identifying a lot of the reasons that can be statistically labelled as reasons for increases in payments and does end up with a similar type of amount that, as it said, seems to be the result of internal procedures.

The employer said, "Now look, Ted, having done all that, let's not be naive and suggest that we, as employers, cannot think of any reason in the world why those dollars would have been paid out." That is being really quite naive, because we can identify it, even though it may not have been a legislative attempt to identify why some of those dollars were paid out.

In fact, what we know is that there has been a very steep increase in the average duration that a worker stays on temporary compensation claim. It is taking about 12 days longer on average to return injured workers to their jobs. Certainly there was a dramatic increase here during the recessionary period. Arguably there were not jobs for the worker to go back to in many cases. Whether that is the job of workers' compensation is another subject. After the recession and through into the growth period again, we are not seeing that duration of claim come back down to earlier levels. We are on an upward climb and it does not appear that there is any downturn in sight.

If we look at disability pensions, as opposed to the short-term claims, two things can be noticed. First of all, on our two graphs on this overhead, the top graph talks about the percentage impairment or the degree of severity of a disability pension awarded. Typically we are familiar with disability pensions getting awarded at 15 or 20 per cent of the maximum level of disability pension awarded.

Whereas 10 years ago the average level of disability pension awarded was at about the 20 per cent level, it has now fallen down to about the 16 per cent or 17 per cent level. We are seeing that disability pensions are being awarded on average for less serious situations.

On the other hand, there has been a fairly significant increase in the percentage of injured workers who do get awarded lifetime disability pensions. Whereas it used to be in the five per cent range down here, we are now up in the range of 7.5 per cent, eight per cent and close to nine

per cent of injured workers getting awarded lifetime disability pensions.

If we put these two together, what it says there is a large absolute increase in the number of injured workers who are getting very small disability pensions awarded to them. If one looks in the annual report and looks at the level of per cent or under where there is a degree of impairment, there is a large increase in the number of those people getting those small pensions; which prompts the question whether that is the best way to spend the money, because simply you cannot live on a 10 per cent pension that is for sure.

Having offered those as potential reasons for the unexplained portions of the payment, so to speak, where the rubber really hits the road with employers, the employer community says, "Look, where it really hits us as employers is when you total up the assessments that we pay and divide them by the number of injuries so that we come up with a cost per injury and deflate it, take out inflation because we recognize there will be inflation, and simply divide the total assessments we are paying by the number of injuries over the lost-time injuries, it has risen by about 38 per cent over the 10-year period.

"If we do the same kind of thing and relate the number of active workers we have, in other words take our costs or assessments and divide them by workers"—although the graph looks a little flatter here; it is just because it is compressed—"there is about a 40 per cent increase again over the 10-year period in terms—get inflation out—about a 40 per cent increase in our costs."

As if that were not enough, the fact of the matter is that is going nowhere towards paying the total costs of the system. We know, and I am sure you do very well, that what has happened over 10 years is that despite those real increases in assessment rates—of course the absolute increases are much greater than that—the unfunded liability to the end of 1986 at least has grown about fivefold over that period of time; in more than that, many times that, to about \$1 billion. The system really still has a long way to go to be properly funded.

That is the end of one set of figures we did on the employer community on the costs: a \$140 million in 1986 that would be difficult to explain or identify in the act as to why it ought to have been paid out. There were forty per cent increases in assessment rates and still a \$1 billion unfunded liability at the end of 1986.



row, I am going to stop there and go back to

**Mr. Yarrow:** Perhaps you would put up the mission statement. At this time it was at the top of the list, I think. I would like to interject the committee's benefit to remind you that the employer's Council on Workers' Compensation made up of 20 business associations, six technical experts and four corporations at this time. They represent, through associations and individual corporations, about 50,000 Ontario companies and about a million workers, so we have a pretty good base as far as our representation is concerned.

Those companies and those employers, through us, have developed three short points insofar as our mission statement is concerned: "To foster and promote better treatment, rehabilitation and reinstatement of injured workers through the workers' compensation program; to carry out necessary research and to consult with other interested parties to make the program as effective as possible; to ensure that the workers' compensation program is sustainable from an economic point of view over time."

The slide presentation has illustrated serious problems with the workers' compensation system. Sustainability is a real and an immediate concern. As demonstrated by the mission statement, the ECWC is committed to a fair, equitable and sustainable workers' compensation system. The workers' compensation system simply is not achieving these objectives.

A worker injured in the course of his employment should receive income maintenance, the highest quality medical care and professional rehabilitation assistance to return to labour force. Anything less than this is simply unacceptable.

We are witness to a system that is not only becoming more financially unsound year by year, but workers simply are not being cared for. Upon delay, ineffective rehabilitation and an increasingly complex appeals process that promises the basic principle of accessibility in the present realities. In recent years, service has been slow to employers and workers have been waiting, despite the promises by the administrators of the process.

The Employers' Council on Workers' Compensation, though, has not come before this committee only to launch criticisms, but to provide some suggestions for thoughtful solutions. Our bottom line requirements are swift, fair and efficient benefit administration; adherence

to the principles of the act; better treatment, rehabilitation and reinstatement of injured workers; and, very important as far as we are concerned, a sustainable and affordable system.

We realize there is no quick fix to the multitude of Workers' Compensation Board problems. Part of the long-term solution will be shown to be found in sensitive and efficient administration, guided by responsible legislation in the following areas: reinstatement rights and vocational rehabilitation, the pension system and the Workers' Compensation Appeals Tribunal.

So that I am not doing all the talking, I will turn the next section over to Brian James regarding reinstatement rights and vocational rehabilitation.

**Mr. James:** The employers' council believes that a satisfactory and effective model instituting limited reinstatement rights can be developed. However, a statutory right of reinstatement is clearly secondary to many other practical considerations. The principle of quick and effective reinstatement involves the co-operation, not only of the employer but also of the employee, his or her union, and the Workers' Compensation Board.

The employers' council strongly supports effective vocational rehabilitation and is of the view that in addition to safety and prevention, this is a prime priority for labour and management, the medical profession and the Workers' Compensation Board.

A reinstatement policy should not focus solely on a requirement of employers to take back injured employees, but should also recognize all of the existing roadblocks to effective reinstatement.

The current program leads injured employees past the point where despair and hopelessness become, of themselves, major problems. At the time of the injury, the expectation must be positive that not only will the employee recover, but a program will be implemented which will ensure reinstatement as soon as possible.

This is the only viable option to a system that now sees far too many injured employees becoming fully dependent upon their Workers' Compensation Board pensions, as they become convinced that they are not or will not again become employable.

In summary, the employers' council advocates:

1. Early referral and intervention;
2. Integration of services through an interdisciplinary team approach;
3. Early identification of objectives and goals;



4. Enhanced communications;
5. Establishment of practical guidelines;
6. More efficient utilization of present facilities and community resources;
7. Greater effort in treatment monitoring; and
8. Establishment of a vocational rehabilitation timetable.

The council is well aware of recent initiatives by the board in this area and is supportive of its recently announced vocational rehabilitation strategy.

The council, overall, is encouraged by the renewed emphasis on rehabilitation. The significant increase over the last decade of length of time on claim has been a prime concern of the employer community. We accept with some optimism that an enhanced effort on rehabilitation will reduce the overall persistency rate.

The emphasis clearly must be on a return to the pre-injury job wherever possible, with the secondary objective being a return to an alternative position. A sense of partnership will assist in developing a higher level of responsibility and accountability for all parties: the employer, the worker, the treating physician and the board.

One of the clearest deficiencies in the current vocational rehabilitation model is the absence of specific goals and timetables. We are pleased to see that the board has embraced this concept in its strategy.

The council has observed with interest and quiet support the extensive reorganization at the board. We expect that a new delivery model is the key to the solution, providing that it enhances the ability to deliver effective rehabilitation. The test for success will be the measurement of length of time on claim.

We encourage this committee to lend its full support to the board's strategy, but the entire system must adjust its focus from pure benefit administration to a cohesive interaction of effort geared to return workers to their jobs.

Now I will turn the pension reform section over to Judith Andrew.

**Mrs. Andrew:** Without question pension reform is one of the major issues that requires immediate attention. The ECWC continues to be frustrated by a pension system that as a matter of routine process provides workers with lucrative pensions, even though they have returned to their pre-accident job with no wage loss. At the same time, some severely disabled workers who cannot return to their pre-accident employment receive compensation far below their actual loss. This inequity simply can no longer be tolerated.

The ECWC supports in principle revision of the permanent partial disability benefits system to equitably identify and administer separate award categories for economic and noneconomic loss. What we do not support is a benefit enrichment hidden under the guise of pension reform. A dual award pension system must be predicated on the firm principle of benefit neutrality. Reforms should be redistributive.

We support compensation for wage loss caused by the accident with reassessment at regular intervals, coupled with the use of deemed wages controlled by a statutory formula. Motivation for a worker and employer to improve a worker's earnings potential must not be sacrificed. If this were the case, the basic theme of wage loss pensions would be defeated.

For noneconomic loss, the ECWC advocates a modest lump-sum award administered in accordance with a disability rating schedule with opportunity for reassessment. Lump sums should not be based on actual, potential or average earnings, but rather on a new schedule developed through consultation with other compensation and insurance experts. Given that the Workers' Compensation Board's purpose originally was to cover for pecuniary losses on a no-fault basis for all work-related injuries, employers have conceded a major part in agreeing to compensation, albeit modest noneconomic losses. Effective administrative design must also provide a rational transition. The temptation to provide the best of all worlds for existing pensioners must be tempered by economic realities.

Now I will ask Gerry Doucet to deal with the Workers' Compensation Appeals Tribunal.

**Mr. Doucet:** I will be rather quick in reference to the section on the Workers' Compensation Appeals Tribunal, but before I do that I just want to bring the committee's attention to page 10 of the 1986 annual report of the Workers' Compensation Board, which is before you. The actions of the board make the point that certain decisions rendered by the Workers' Compensation Appeals Tribunal may have the effect of altering the adjudication of workers' compensation claims.

Such changes in the adjudication of claims could result in a significant increase in the present value of future payments under section 49 on account of accidents which occurred in the past years; and this is the salient point, in my opinion, coming from these actuaries. It is not possible to quantify at this time the potential increase in the present value of future payments because of the uncertain future resolution of these decisions within the limited amount of available data.

The employers' council continues to be very concerned with the development since the establishment of the Workers' Compensation Appeals Tribunal, now two years down the road from that report on the WCB. Not only are we faced with a legalistic, complex appeals process that is beyond the comprehension of most who have traditionally appeared in appeal hearings, but we are seeing a system bogged down by its own bureaucracy.

If I may say so, having appeared before that body and been involved in some of the decisions that have emanated from it as past chairman of the employers' council, I ask myself and I even ask you whether that is in fact what we had intended by the creation of this body several years ago. I think the answer to that question merits the attention of this committee.

The delays presently being experienced are no longer tolerable. Workers and employers are being poorly served by a cumbersome process that takes years to complete.

A discussion of the tribunal is not possible without a review of the unique relationship between the board and WCAT. From the outset the ECWC has expressed concern with the powers that the tribunal has assumed in the area of policy development. The ECWC considers it improper for the WCAT to routinely issue decisions that conflict with board policy.

(10)

First, the board is clearly provided with the jurisdictional responsibility to establish policy. Second, and perhaps more important, the WCAT approach destabilizes the system, potentially creating an unknown liability and forcing workers and employers into a permanent state of uncertainty. I think the actuaries certainly focused on the cost side, but the other side, the confidence in the system and the reliability of the system, I think is what we also question. At this point, for example, it is unknown in Ontario what constitutes a compensable accident.

Certainly, it is preferable for the representative board of directors of the WCB to be the authors of the policy book. The tribunal must review policy in an adjudicative vacuum, case by case, entered from the competing interests within the legislation. The board, on the other hand, is responsible for the entire act and must formulate policy with an appreciation of its overall impact on the system.

Policy development through adjudication creates a legalistic adversarial process not wanted by anyone. Those chronically dissatisfied with the WCB will turn to the WCAT as a matter of

routine, relegating the board to a role of simple administrator with no real adjudicative authority.

Policy issues must be pursued aggressively, but with an appreciation of the total system impact. Dialogue on policy should be directed through the board's executive group, the board of directors and through political and legislative channels. This is the effective process, establishing responsible position development for all sectors in a controlled consultative environment. This is the preferred approach of the ECWC and I believe of the worker community as well.

It is recognized that the tribunal plays a very important role in the policy development process. After all, it is before the WCAT that the final test of the policy occurs. Surely, though, there is a clear operational purpose for the chairman of WCAT being an ex officio member of the WCB board of directors. This was designed, it would seem, to keep the tribunal in step with the board but not without an opportunity to influence and provide input.

If the tribunal continues its present approach we will see the development of two distinct workers' compensation systems running in parallel to each other in Ontario. It is not a system, if I may add, that other provinces, having looked at it, find particularly desirable. The tribunal was not created to supplant the WCB but to restore and maintain integrity in the adjudicative process.

The legislation must be revised to more clearly define the relationship. If we were asked the question of who should decide policy, our answer very clearly would be the board of the Workers' Compensation Board. We urge this committee to recommend a legislative clarification of the relationship between the board and the tribunal to achieve that.

The recommendations the ECWC brought to this committee last year are equally valid today. The role of the tribunal counsel office should be reviewed; there is not a need for legal input in all cases. Case descriptions should be eliminated except in the most extraordinary circumstances. Finally, unless post-hearing investigations are called for, the tribunal should release its decision within 30 days of the hearing; a direction that other provinces are now taking, building in a time limit.

**Mr. Yarrow:** Last year, the council commented that the workers' compensation system was at a crossroads. This year, I do not think we are understating it to suggest it is in a state of crisis. The problems, though, are not without



their solutions and the response should not be one of panic.

We will pause now, and we are prepared to receive your questions on this part of our presentation. In addition, we have some additional slides dealing with the cost of potential changes to the system which we can show the committee now or following some of those questions. We are at your discretion at this point.

**Mr. Chairman:** I am sorry, I was reading something else and missed your concluding remarks.

**Mr. Yarrow:** Caught you. We have some additional slides portraying some of the costs of what we feel might be some of the recommendations coming down from the Ministry of Labour. If you wish to see them at this time, we can do that or we can take some questions and then present them, whichever you wish to do.

**Mr. Chairman:** I would just as soon see them now. I do not know about the rest of the committee. Is that agreeable? We can get the machine out of way too.

**Mr. Nixon:** The second part of the work that Mercer did for the employers' council at this time was to try to make an attempt at determining what might be the costs of some rumoured changes that the Liberal government might be planning in the Ministry of Labour for a legislative agenda.

The three particular items they asked us to have a look at, which might be quantifiable, were: first, the wage-loss system if it were installed to replace the existing arrangement of paying lifetime disability pensions; second, what would the impact be of the removal of the earnings ceiling; third, what would the cost be if employers were required to continue traditional group insurance benefit coverages during a period when injured workers were receiving disability compensation from the board, say for up to two years.

At the point at which we did this work we did not really have knowledge at all of what the Ministry of Labour was contemplating, so I really just speculated here and went back to the Weiler reports where Weiler identified some three different approaches. There was the approach that was being proposed by the New Democratic Party, there was an approach being proposed by the Liberal Party and then there was Weiler's proposal. There never did seem to be a specific Conservative proposal in his report.

If I take the so-called cheapest, if you like, of the three that were in Weiler's report—

**Mr. Chairman:** Was that the New Democratic one?

**Mr. Nixon:** No, it certainly was not. You get that on the record.

Weiler's own proposal was referred to a dual-award approach. It was intended to be redistributive rather than duplicative in nature, you look at what he contemplated, at this point you then have to say, "What degree of wage-loss are we likely to experience?" Nobody knows that. The Workers' Compensation Board does not have any statistics or any data that will tell you that.

If you look at other provinces, you might have some idea, but the definition of an accident in the first place can vary from one province to another. Using other provinces' data as a guide to what a wage-loss system would cost in Ontario is a very dangerous thing to do.

In fact, by putting a number up here of \$100 million to \$200 million a year more, I think I bet my house on it that it is going to cost much more. But it could be nothing more if we decided that the wage-loss system is defined as going to be structured to cost nothing more.

It does not mean that if you come up with a structure and some airy-fairy assumptions, it will make it cost less, but you could tighten it up. You could have a very small element of impairment award under Weiler's approach. It could have very strict definitions of what is deemed to be wage loss.

On the other hand, the wage-loss system, is not the dual-award approach, if it is the Liberal Democratic Party's approach or the Liberal Party's own approach back at that time, it might cost \$500 million a year more, or it might be \$1 billion a year more; nobody knows. Knowing Ontario and the way earlier legislative recommendations have ended up being installed, practised and operated, I would be prepared to bet my house—I have a small house—that it is going to cost \$100 million to \$200 million a year more.

You have to look at dealing with future claims as well as existing claims. You have to look at existing lifetime pensioners. What is going to be done with them under this kind of system?

At this point I might note that even for elected representatives of the province, sometimes their best intentions in legislative words often get altered at the last moment. The board's policy can often develop to defeat what was your intentions. For instance, there is the use of the words "whether a wage-loss system is applied to new accidents or new awards." This happened in 1985. Nobody thought about



ere was a subtle change when the words went  
he act and it made a very big difference.

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to this area of trying to cost wage loss is  
ight with difficulty. If somebody says it is not  
ng to cost anything, you really need to look  
y deeply at it.

removal of the earnings ceiling: at the  
ment there is perhaps a four per cent  
erential between average wages in the prov-  
e and average wages that get used for workers'  
mpensation. The assessments in the system are  
omething like over \$2 billion this year, so it is  
rty easy to see about an \$85-million increase  
ne system, or somewhere in that range, if the  
ings ceiling were removed.

here are some serious and subtle underlying  
lications of removing the earnings ceiling. It  
nds like a very simple and very facile thing to  
There are some tax complications that result  
individuals. It is quite conceivable that if the  
ings ceiling is removed, injured workers will  
home more earnings than they did prior to  
ng disabled.

is quite simple to do an illustration that  
ws that if somebody earns \$50,000 and is on  
kers' compensation, getting temporary dis-  
city for six months of the year, the net  
home pay for that year will be more than 100  
cent of the predisability net take-home pay.

**Mr. Chairman:** One of the members had a  
question of clarification. I do not think we want  
et into the question-and-answer session now.  
it for clarification, Mr. Smith?

**Mr. Smith:** On what you were saying about a  
nd being changed or wording being changed,  
our opinion who would make those changes  
e last moment; without the elected people, I  
ose, realizing? Who, in your opinion, would  
e those changes?

**Mr. Nixon:** It could be the people who draft  
egislation. I am quite sure that a lot of the  
ilation is dealt with in committee and there  
be subtle changes in the wording, I would  
s, at the last minute. It is the combination of  
and watching policy develop out of the  
od.

ne would think in the wage-loss system that  
would really almost need to sit down with  
le in the Workers' Compensation Board and  
e. "If the words were written like this in the act,  
would you develop policy to implement a  
e-loss system?" Then stand and look at what  
policy would be and say, "Is that in tune  
what we intended?"—the working commit-

tees and Legislature—"Is that the way we  
intended to have it come out?"

**Mr. Chairman:** I think the point Mr. Smith is  
making is that when it comes to a committee, the  
legislators, because we are not legislative drafts-  
people and a lot of us are not lawyers, assume  
that has already been done by the time the bill  
gets to a committee. That may be a heroic  
assumption but I think it is an assumption most  
members make.

**Mr. Nixon:** I think it does not happen.

With respect to the continuation of employee  
benefit coverage, here I am surmising that what  
they might intend would be that something like  
the Ontario health insurance plan, group insur-  
ance and pension coverage—the employer contri-  
butions that are made towards those benefits for  
employees—would be continued for perhaps two  
years while compensation payments are being  
received by injured workers.

There is no suggestion here in my assumption  
that employers would be forced to create benefit  
programs, but if they have them in place and do  
contribute towards them, then those contribu-  
tions and the coverage itself would continue for  
this period of time. Of course many employers  
already do continue benefit coverage while  
employees are receiving compensation. In many  
cases it is negotiated as part of a union  
agreement.

That might cost \$50 million to \$65 million a  
year, somewhere in that range. It is pretty easy to  
see that if these types of changes were proposed  
and implemented, the increase in cost to the  
system might be anywhere in the range of \$235  
million to \$350 million a year more than it now  
is. It could be more, it could be less, but that is  
not a bad ball-park figure without trying to build  
a spaceship to cost the whole thing.

I think I am going to stop at that point and let  
you carry on, Jim.

**Mr. Yarrow:** Do you want to put the  
conclusions slide up?

In order to be as concise as we can, these have  
been pretty much worked over for many hours,  
what you are going to see on this slide and one  
other.

Our conclusions basically are that injured  
workers are not being treated and rehabilitated  
effectively through WCB programs. Here again,  
with these I realize I am probably not telling you  
anything you do not already know, but for  
purposes of the public and ourselves so that we  
both understand the situation, we have to say it.  
The costs to employers have escalated dramati-  
cally, even though frequency remained stable

and the degree of physical impairment has declined. The workers' compensation program is unsustainable at current trends and costs, the unfunded liability and the procedures.

You could put up the final one, Ted. Again, on a positive note, we do have recommendations. Again, after many hours and pages of them, we came down to a few basic words that can be easily understood. Major changes in the workers' compensation program should only follow adequate consultations with workers and employers. We find that we are constantly being reactive instead of proactive because things are coming down the pike that we do not know enough about ahead of time to have input into.

We feel that documented impact studies on each proposal should be completed and made public. As businessmen, it completely floors us to understand that something can be built and no price tag put on it, and no impact. We feel that perhaps to achieve parts of the previous two, a standing committee should review all economic and social implications of the proposals. In and of themselves they may appear very innocuous, but to carry them out is a very much more complicated process.

Again, I would say that we are prepared now to answer questions. We can do it a number of ways. If, as people are writing their questions, they want to direct them to the individuals who are sitting up here, for my part I can field them and pass them on, if you would like; or you can speak directly to them.

If you get down to the grass roots and want to talk about employers, I happen to be a small employer and I would be glad to speak from that perspective. But as far as facts and figures and the other parts that the members of our group have spoken to, you may address them.

**Mr. Chairman:** A number of members have indicated an interest. I must say that it is an appropriate comment you are making about trying to anticipate future costs. There is a good possibility that this committee will be looking at a new compensation act in the next couple of weeks that will be introduced and sent out to this committee. It is a strong possibility.

If that is the case, we would be holding hearings and taking a close look at that bill in the next three or four months. It is appropriate that you are thinking ahead in anticipation of changes in the act. We have not seen them. At least I have not seen them.

**Mr. Yarrow:** Maybe we can in fact be proactive in certain areas rather than just reactive.

**Mr. Chairman:** I want to ask you about something, perhaps just to get the discussion going. You talk about workers being off work 12 days longer than they were 10 years ago, roughly. You talk about an increase in the permanent pensions for workers. You talk about the cost per injured being up 36 per cent, with inflation removed.

I am wondering whether all of this makes sense in terms of the fact that if the disability pensions are higher rating now and the cost of injury is up 36 per cent, why would workers be staying off work longer? Does that not make sense?

**Mrs. Andrew:** Disability pensions are on average a lower rating. That was our point.

**Mr. Chairman:** I thought you said there was an increase in injured workers getting permanent pensions. Were you talking about the number of injured workers?

**Mrs. Andrew:** There is a larger award rate that has gone up from about five per cent right up to over nine per cent. That was also illustrated in Weiler's report.

**Mr. Chairman:** Right, but that does not

**Mrs. Andrews:** So far more workers are getting very small pensions, indicating a more type of permanent injury.

**Mr. Chairman:** OK. I am still confused about it.

**Mr. Nixon:** Actually Judith has it right. The graph that is in the piece that has two graphs shows that the severity, if you like, of disability pensions—in other words, the level of pension being awarded—has fallen from about 20 per cent down to 15 or 16 per cent.

**Mr. Chairman:** I see.

**Mr. Nixon:** A lot more injured workers in other words; a lot more workers who are getting temporary compensation payments are in now getting the lifetime pensions. Up to a nine per cent of injured workers get lifetime pensions. So it is a whole lot more small pensions being awarded.

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**Mr. Chairman:** You do not get a pension unless you have a permanent disability, is that correct? Therefore, does that not lead you to believe those injuries are more severe than they used to be? Previously, those large numbers were getting the permanent pensions; they were on temporary benefits and then back to work. Now an increasing number of them, 60 per cent more, are getting pensions. I come to the conclusion from that it is because they are



serely injured, which also explains why they  
off 12 days longer. Is there something wrong  
with my logic?

**Mr. Nixon:** I think you will find that a change  
in the adjudicative processes led to it.

**Mr. Chairman:** More workers getting pen-  
sions? Is that what you are saying?

**Mr. Nixon:** Yes.

**Mr. Chairman:** How does anyone know that,  
though? When your conclusion is different than  
mine totally, how do we know which is correct?

**Mr. Nixon:** You do not. What is needed to  
fish that is the second half of a study that was  
proposed originally by the WCB when it hired  
the firm Peat Marwick. It did the first half of the  
study; the second half of the study it left aside.  
There has not been any call for it to return to do it.  
That was the study that looked at the so-called  
unexplained portion of the payments, which Peat  
Marwick at least identified as being related to  
internal procedures and not to specific identifica-  
ble features in the act.

**Mr. Chairman:** OK. But you would agree,  
would you not, that we each have a legitimate  
conclusion? We may have come at it from  
different ways but my conclusion is just as valid  
as yours in the absence of any evidence.

**Mr. Nixon:** Yes.

**Mr. Andrew:** I think there is a wee bit of  
evidence right in the 1986 annual report. If you  
look at page 16 of the report that deals with  
occupational injuries and the categories, just by  
reballing it you see a much larger proportion of  
what appears to be the less serious injuries. The  
sprains and strains have increased to almost 50  
percent of claims by category, up from about 34  
percent in 1980.

If you look further down, the fractures, some  
of the burns, scalds and those kinds of things are  
less as a proportion, which we are encouraged to  
see. It is very good to see that those more serious  
kinds of injuries are not taking up as much of the  
total as they used to. I think even there, there is  
some indication that injuries are not worsening  
but are getting better in terms of how serious they  
are.

**Mr. Doucet:** I think another pertinent point is  
that in reviewing this presentation with the WCB  
itself, it acknowledged more or less that these  
unexplained areas exist. It has offered to work  
with us to try and get the explanations. Maybe  
your explanation will at least be partially a valid  
one, and ours will as well.

But it did indicate that there are definitely, in  
that unexplained portion, things it can control

and things it cannot control at all. We welcomed  
that offer to work with them. The problem is that  
in being faced with a whole set of new reforms, to  
use Ted's term, we may be building on quicksand  
or at least a movable base. We want to get at the  
answers to the unexplained sections before we  
add on to this program in any fundamental way.

**Mr. Chairman:** I have often said I thought  
that in the end what will bring the board down  
will be a collapse from its own weight as opposed  
to workers getting injured. We can have a go  
around with members.

**Mr. Kozyra:** Let me first say I have had the  
pleasure or opportunity to have been present for  
two of these somewhat partial presentations.  
This one is a little more complete. After those  
three, I can say I agree with your term when you  
say it is reaching crisis proportions.

If I may make my opening comments on the  
unfunded liability graph and some observations  
that I have made here in a rough form: if you take  
it in segments, 1976 to 1980 shows a very stable  
situation. Then 1981 to 1984 progresses, if you  
take just that section, in a relatively straight line  
upwards, which you can call simple arithmetic  
progression. Then taking 1984 to 1986 in that  
way, it by itself is another arithmetic progres-  
sion; but when you put them all together, and  
geometry students will remember this from way  
back when, it is geometric progression.

This shows that now, if you go to stage D,  
which is not on here, this would be doubling  
about every three years, which to me shows a  
system running out of control. We could not even  
anticipate the impact on society of the unfunded  
liability burden and so on, even if we were  
allowed to.

That leads me to some other observations or  
questions. Your recommendations are rather  
general and I guess you are saying we all have to  
come to grips with it, we alone cannot. Will these  
recommendations, if you can be a little more  
specific, eliminate the unexplained factor? That  
is one of the things. You are kind of pointing at  
that as well. Will they bring the costs under  
control; and in your estimation, if they are under  
control, what percentage is acceptable? Is it  
merely the inflation rate or is there another  
factor? We will start with that and I have another  
one or two.

**Mr. Nixon:** I will leave it to these gentlemen  
to say what is acceptable, since I am just the  
consultant, but with respect to the unexplained  
part, the thrust of that was to say that like it or  
not, the employer community pretty well had to  
accept things.



They were ready to live with the five per cent to six per cent accident rate and the level of benefits that produced. They have to live with inflation. They have to live with legislative increases and growth in the workforce causing more costs. If they did not have to live with the unexplained part, presumably even though the cost is still pretty high—that is not what the employer community has been complaining about so much with respect to costs. Really, I think your question is, what proportion of the cost of the whole system is the unexplained cost? Presumably, in 1986, if there was \$140 million of benefit payments that were somewhat unexplained, and there was about a billion and something in total paid out—

**Mrs. Andrew:** It was \$1.5 billion.

**Mr. Nixon:** It was \$1.5 billion, so it is roughly 10 per cent of the payments in total.

**Mr. Kozyra:** And one of your contentions is that the fact it is unexplained is unacceptable.

**Mr. Nixon:** That is right.

**Mr. Kozyra:** That may be at the heart of the whole matter.

**Mr. Nixon:** That is right.

**Mr. Kozyra:** You went after the Workers' Compensation Appeals Tribunal and it is another area that needs to be brought under control perhaps, because it is, in your estimation, out of control. Perhaps this is, as well. Are the other recommendations and controlling mechanisms possible before or without bringing the WCAT under control or does one predicate the other?

**Mr. Doucet:** I will tackle that, if you like. My answer would be no. One of the reservations that Mr. Nixon, as an actuary, made about his presentation was that because we are not absolutely sure how adjudication or judgements will work under a wage-loss system, we do not know what it will actually cost. Therefore, until we actually address the WCAT and its operation in a policy sense in parallel with bringing in a well-designed, wage-loss system—which, by the way, to be specific, we support; we support a well-designed, wage-loss system that will get at some of these cost problems and some of these unexplained payment problems; not all of them, but some of them—in my view we will not get hold of the workers' compensation system in an accountable and effective manner.

We say that you cannot delay for a long time, even though it might be very tempting to do this, addressing the relationship of the WCAT to the Workers' Compensation Board. It may be possible to begin the process of the legislative

action on a wage-loss system and come into WCAT procedures and issues very shortly thereafter. They do not necessarily all have to be in the same legislation, but we certainly see them being parallel initiatives that have to be addressed.

**Mr. Kozyra:** One of the things you attacked that system was not necessarily the lawyers themselves but their involvement, the legal input, their requirement in just about every case and so on; you questioned that. Is it correct to you feel this is one of the major components that is causing it to be out of control and causing uncertainty there?

**Mr. Yarrow:** I think that was raised by the chairman of this committee as far as the legal input is concerned. I do not think we wanted to pin it down as to exactly who it might be in terms of the actual individuals.

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**Mr. Kozyra:** It is in here, though. I got it out of here, not from the chairman.

**Mr. Doucet:** My answer would be yes without saying that you can do all of this without lawyers. The fact is that if you quote Mr. F. himself when he appeared before one of the committees when the Workers' Compensation Appeals Tribunal was being considered—and he used this last year in our presentation—he said that he did not want a system that was legalistic and complex and depended on evidentiary processes and so on, and that he would deal with some number of cases per year.

He has not even got anywhere near that yet because of the way the hearings process has developed. It is very much an evidentiary adversarial process that in the case of decision led to a Court of Appeal ruling on whether the Workers' Compensation Board had the authority to make policy say on an issue, which is ridiculous.

**Mrs. Andrew:** I just want to add one more thing about the appeals tribunal. There is something wrong about a tribunal that in terms of the final adjudication actually pits the employer against the employee when in theory we supposed to have a no-fault system. You have a situation where the smallest employer can't defend his case before the appeals tribunal; it is so legalistic the small employer has no hope of being able to be heard there and I think that is a very grave problem with the system.

**Mr. Chairman:** What about the employer?

**Mrs. Andrew:** That is true of the employer too.

**Mr. Yarrow:** I think the employer also, and I could suggest probably the employee: but speaking from an employer's viewpoint, it is very difficult in that situation because you are looking about an employee who may be a very good employee, as an employee, but if he is sitting next to you at a table you are put into the position of either demeaning the individual or appearing to, or in fact being on the receiving end. It is a very uncomfortable situation. I have been there and I can attest to it.

**Mr. Smith:** On this unfunded liability, I am trying to get it clear in my mind. Those are terrible graphs to look at but when you say there is what is it, about \$6.2 billion now in unfunded liability—

**Mr. Yarrow:** That was in 1986. It is considerably more now; we just do not have the firm figures.

**Mr. Smith:** OK, in 1986, but are you saying it will be paid out over the next 20 or 25 years is that what was actually owing in 1986?

**Mr. Yarrow:** No, that is—

**Mrs. Andrew:** No.

**Mr. Nixon:** No, there is a plan to pay off the \$6.2 billion of unfunded liability through the assessment rate process over the period from now to the year 2014. I do not know why it is that particular year. They picked a 30-year period at the time.

**Mrs. Marland:** Excuse me. Does that mean that amount of money is already assessed, or is an obligation, so without any more claims—

**Mr. Smith:** But you are not paying interest.

**Mr. Nixon:** If you closed the system down tomorrow, you would owe—you had about \$2.9 billion of assets or something, I think, at the end of 1986 and you owed something more than \$9 billion of liabilities in total, so you have to come up with another \$6.2 billion.

**Mrs. Andrew:** That is \$20,000 for every firm in this province.

**Mr. Chairman:** But be fair to Mr. Smith. The system has not borrowed \$6.2 billion on which you are paying interest. I think that is what Mr. Smith is trying to get at.

**Mr. Smith:** I just want to get this all into perspective. It is an alarming looking chart, but I guess—

**Mr. Nixon:** One of the reasons it is very alarming is that if you look at 1985, there is a big jump up in 1985 and that is when the act was amended to provide for indexed pensions. Prior to that time there was no provision made for the

indexing in future. At the end of 1985, because the act had been amended to guarantee the indexing, the board then beefed up the liabilities, if you like, to now provide in the liabilities that it will in fact guarantee the indexing on them.

**Mr. Smith:** I will stop right there. Thank you.

**Mr. Kozyra:** I have one final question. I believe that indexing is applied to education pensions and that it would cause the same kind of unfunded liability jump. It is around the same amount too, \$6 billion or \$7 billion.

If your speculations about the Ministry of Labour amendments to this act are correct, do you see that as an improvement? You showed figures of \$235 million to \$350 million. If that is all that increased that would be a decrease from the present alarming rate of increase, about \$2 billion per year. Is that the system slowing down even though it is going up, or are you drawing that because your speculations, if they are correct, are alarming also?

**Mr. Yarrow:** I do not think there is any question that they are alarming. I have a grass-roots answer, but maybe somebody will answer it more—

**Mrs. Andrew:** We are talking about additional, annual expenditure—

**Mr. Kozyra:** Over and above the present?

**Mrs. Andrew:** Over and above the present.

**Mr. Kozyra:** Over and above the present escalation.

**Mr. Nixon:** If the system costs in 1988, say, another \$300 million more than it now does, and the 1988 assessments are, what, somewhere in the range of \$2.5 billion or something like that, then there is more than a 10 per cent increase annually in the cost of the system.

If that amount was paid faithfully each and every year, and if everybody was accurate in the way the world was going to unfold in future, then theoretically the unfunded liability would not grow higher, and in time it would be liquidated in accordance with the proportion of the assessment rates that is going to that. But the world has never unfolded in Ontario, in the workers' compensation system, in the way it was planned to.

**Mr. Yarrow:** The other point from a grass-roots level is the credibility gap between the employer on the street and the Workers' Compensation Board. I was at an informational meeting where this very point was discussed, about liquidating this debt in the year 2014.

Someone asked the question, "Does this take into account that we do not know what the definition of an 'accident' is and that it is



becoming a bigger and bigger thing, with more and more things being covered and the expected time frame that people will remain on it increasing? Has that all been taken into account for the year 2014?" Of course, the answer was, "No, it is taken on the basis of everything stopping with the definition, whatever it read, in 1986." It did not allow for any more expansion in terms of the leniency or the definition of the word "accident", or "incident" as the board itself now calls it.

**Mr. Doucet:** Could I just piggyback one other comment on it, because you are asking us a very pertinent question about possible legislative reforms. We have been clear that we support some kind of wage-loss system that is well-designed, with well-documented impact studies on it, that would help deal with some of the problems we have dealt with. But we do not, as a group, support that this system should cost us one cent more when there is \$140 million unexplained in the system right now.

Mr. Nixon has done the assessment based on the best assumptions he has of the system. I do not, as a representative of the retail trade—again, I am sure most of the people here do not—accept that we should reform the system by adding \$235 million to \$300 million on to it. That is not the way to go.

**Mr. Kozyra:** If I may share one more comment that I am party to: Mr. MacDonell, about two months ago, presented some charts and slides to the Construction Association of Thunder Bay. At that time he showed some dramatic slides and he said that in the construction field, back in 1972 the cost per employee to the employer was about \$175. My figures may be out a little bit. They jumped in 1987 to about \$4,000 to the employer. It was speculated, on that kind of rate and so on, the best available figures, that it would double within three to four years to \$8,000. He said at that time you could see the horrendous effect on the entire industry and the employers.

I think that kind of thing is happening. I know, back in Thunder Bay and the north, the forest products industry is extremely concerned about what is happening there in the assessments and so on.

**Mr. Yarrow:** I should mention the fact that the construction association is represented here today. We have brought them with us or asked them if they wished to attend. We have others from our association with us here today and your comments are very apropos.

**Mrs. Marland:** There are a number of questions that I would like to ask, but perhaps will start with a statement on page 4 of your submission today. "The ECWC continues to be frustrated by a pension system that as a matter of routine process provides workers with lucrative pensions, even though they have returned to their pre-accident job with no wage loss." Would somebody explain that statement because that is a very significant statement.

**1700**

**Mrs. Andrews:** That is a reference to the current pension system, which awards a permanent pension on the basis of a disability rating schedule that is applied to pre-injury earnings. A pension is awarded for life regardless of whether that worker is able to return to his or her former job. When they do return to their former job, they can have their full wages as well as this pension. Some workers may have two or three pensions. That is not uncommon in some industries, such as mining for example.

The issue for us is an equity issue in those instances where there really is no wage sustained at all for those workers, and for workers who cannot work and who are severely disabled are only awarded what is a very small pension and cannot live on that pension. We would like to see a reallocation of the money from the ones who are in a sense overcompensated to the ones who are undercompensated, on a fairer basis. That is what employers would like to see.

**Mr. Yarrow:** That is what we mean by basic neutrality as far as—

**Mrs. Marland:** Yes.

**Mr. Chairman:** I am surprised by the provocative use of the word "lucrative," never. Anyway, Mrs. Marland.

**Mrs. Marland:** You are trying to be impetuous, are you not, Mr. Chairman?

**Mr. Chairman:** Yes. That is why I use the word "provocative."

**Mrs. Marland:** I did not know an injured worker could have a permanent pension if she were able to go back to their pre-accident job without wage loss.

**Mrs. Andrew:** That is the basis of the current system. There are some 120,000 pensioners who have been told that about 80 per cent of them would not have wage loss, so they would have pensions without wage loss, and the other 20 per cent would have wage loss and also have pensions.



**Mrs. Marland:** If they are able to go back to their pre-accident jobs, then their compensable injury is not impairing their ability to do the job.

**Mrs. Andrew:** That is correct.

**Mrs. Marland:** With their compensable injury, is a weighting factor for that related to a shortened length of time they will be able to work?

**Mrs. Andrew:** It has nothing to do with the job. It is just a medical assessment of his permanent disability. It might be that his left arm is somewhat more stiff than it used to be, which is really nothing to do with his ability to work. But he has this pension that relates to the stiffness of the elbow. The pension is decided, basically, on a physical impairment schedule. It has nothing to do with whether the employee returns to work or can work a full day or not. It has nothing to do with that.

**Mrs. Marland:** It has nothing to do with future, long-term prognosis?

**Mrs. Andrew:** No.

**Mr. Yarrow:** I can give you a case in point on that. I think probably the first case which got me interested in workers' compensation was a 70-year-old gentleman who worked for our company briefly for a three-year period in 1967. He worked for us for less than three years. In 1979, he retired at the age of 79 and was found to be partially defective in hearing. Because he was deaf, they did not give him a pension; they gave him a \$10,000 one-time payment because he had suffered some loss.

There was no question at all of whether that loss would have to do with lifestyle or anything else. It was attributed to the fact that he had suffered at some previous time, 10 or 15 years before, some loss of hearing. There was no proof of it but in fact he received it. Because he was older than he would normally be to get a continuing pension, he got a lump sum at age 79. He did not know it was coming.

**Mrs. Marland:** That is interesting. I think that is a very interesting area. A very interesting point made on page 6, the frustration you express where you say "seeing a system bogged down in its own bureaucracy." I think yesterday when we had the worker advisory people before us we were all agreeing that certainly is a statement of fact. We recognize that.

I was personally horrified yesterday to find out that in 1988 part of the bogging down, in terms of time, to four, five or six weeks in time frame, is because the worker advisory offices are not equipped with computerized delivery systems,

whereas they have this incredible time frame literally to physically retrieve these files from another office in a paper form rather than in a systems form.

Can you give an example of what you mean by the statement that the Employers Council on Workers Compensation considers it improper for the Workers' Compensation Appeals Tribunal to routinely issue decisions which conflict with the board policy.

**Mr. Doucet:** I guess the most famous example and the most fundamental one relates to the definition of an accident, where the Workers' Compensation Board has a definition of accident related to an event in the workplace that it has been following for many years.

**Mrs. Marland:** Yes.

**Mr. Doucet:** The Workers' Compensation Appeals Tribunal in a specific leading case has taken another view of that, which has then led to hearings before the board under section 86n as to whether the board's view is the right view or the WCAT's view is the right view. That then led to a referral to the courts to decide whether the Workers' Compensation Board actually had the power to make the ruling in policy terms of what an accident is. As a result, permeating everything we say today is a huge question mark about the future of the system because nobody knows today which definition of accident pertains. I understand—and there are people behind me with more expertise than I have on this—that there are now some 15 cases or so that have been referred under section 86n back to the board for it to decide whether its policy approach governs as opposed to the appeals tribunal approach. If you want more specific detail on any of those, we can give it to you afterwards.

**Mrs. Marland:** You are saying in 15 cases the matter is referred back to the board?

**Mr. Doucet:** No. The board has the power to revisit a ruling of the tribunal because, in its view, the tribunal has overstepped its bounds in terms of policy. Judith has a specific example of one of those.

**Mrs. Andrew:** I was just going to return to the submission and the "routinely" element. I think there are other, more subtle ways in which the appeals tribunal has actually changed the definition of accident. They have ruled that if an injury happens in the workplace, even though there is no overt event to look at, the presumption is that it is workplace-related unless the employer can prove that it is not related to the workplace.

So there is a changing of the onus there. If you feel pain in the workplace, then the presumption is that it was workplace-related. They have also had decisions that have been referred to as time-bomb decisions in the sense that the pain or the injury might take place away from the workplace, but it is attributed to the workplace in some way. There are all sorts of very subtle ways in which the appeals tribunal has touched the definition of accident that the board has not even taken up as an issue that it is challenging on policy grounds.

**Mrs. Marland:** So this is a complexity of the definition of accident, trauma-sustained injury versus long-time wear and tear through that kind of work possibly, or the hockey game, the baseball game or up on the ladder and so forth; those kinds of things all of us do. When all of us do those things, there is a certain amount of wear and tear on us physically. But is that where the problem lies, that when the WCB was originally established it was to deal with—

**Mr. Yarrow:** Traumatic accidents.

**Mrs. Marland:** —trauma from an on-the-job accident rather than strain and wear and tear?

**Mr. Yarrow:** Yes.

**Mrs. Marland:** Sometimes a traumatic injury manifests itself clinically in those other kinds of symptoms, though, and I guess that is where the problem is.

**Mr. Doucet:** It is one of the problems, yes.

**Mrs. Andrew:** We, as a group, would like to see the definition of “accident” clarified in legislation so that it is clear and understandable to everyone.

**Mrs. Marland:** Is it not defined in legislation?  
1710

**Mrs. Andrew:** It is vague, and the scope for interpretation is so broad that the appeals tribunal can interpret it quite differently from the board, and the board’s own interpretation changes over time.

**Mr. Yarrow:** When, as an employer, you talk to the legislators, they will tell you that all they do is write the law and the Workers’ Compensation Board interprets. Then you go to the Workers’ Compensation Board and the Workers’ Compensation Board says, “We do not write the law; we only interpret it.” You end up with the tail chasing the dog and the dog chasing the tail. You keep getting bounced from pillar to post when you try to find out why.

**Mrs. Marland:** I think that is an important aspect. If it is not clarified in legislation, it is

something I think this committee should look and I ask that our researcher make a note of that. I think that is terribly important, if that is the basis from which we start.

In the best interests of injured workers, though, obviously are going to be workers who would benefit from a more accurate definition of eligibility, which is what we are talking about, rather than having it at the whim of three panel members, or whatever number, sitting on the tribunal, who are going to decide my future based on their interpretation and not based on something in law.

That brings me to the next question that I have had personal concern with, having gone down an appeals hearing. That is your statement that the role of the tribunal counsel office should be reviewed, that there is not a need for legal input in all cases. I want to tell you that when you talk about the poor worker, in the sense of experience going before that tribunal—and maybe it is a small business—the situation is that in this case, for example, I got involved was that this injured worker had already paid a lawyer \$15,000 to represent him and the case had been protracted. A year later the lawyer said, “The \$15,000 and my time have run out.” Every time the case came back for review—

**Mr. Chairman:** The lawyer charged \$15,000?

**Mrs. Marland:** Yes, \$15,000. When the injured worker called me, I said, “There is something wrong with the system.” This injured worker is Greek, and he hired a lawyer who spoke his language very proficiently.

**Mr. Chairman:** He should have had an actuary.

**Mrs. Marland:** It was my first experience with this process in detail, and I was totally disgusted that an injured worker, in order to get what is his right, in fairness, if he is eligible for compensation, had to hire a lawyer and have to pay that kind of money. As I say, at the end of the year, the \$15,000 was gone and the lawyer was asking for another \$10,000.

That was when I said: “I will come with you. I am not professing to have any legal background but like most of us, I have a lot of common sense. I cannot see that this can be so complicated when you need to go with a lawyer.” So off we went and we were quite successful. But I really felt that the ammunition was on the other side and it was a court of equal access by any means. I thought the system was poor in the overall interest of injured workers’ compensation should be about in the province; from both sides, from the employer



and the employees' side. I just thought it was a pretty rocky mess, to tell you the truth, and I was not at all impressed. I have become less impressed; that was two years ago. I certainly feel the frustration at some of the things that you are expressing in here, but I share it on both sides.

**Mr. Yarrow:** As do we. I think our point is that it has been and will continue to be that if you treat the worker fairly, the employer automatically gets treated fairly, at least to a large degree.

**Mrs. Marland:** That is right. There is another thing I think is relevant here. This committee has spent a very interesting number of months looking into mining accidents, as you are probably aware of through the Ontario Mining Association, which is one of your groups. The point is that the longer and more protracted these things become, the weaker and more feeble becomes the human recollection of how things progressed and maybe how the injured worker was actually felt. Although there are doctor's records ongoing if it was an accident, the witnesses and the evidence and everything else becomes less significant.

Do you have a long list, Mr. Chairman?

**Mr. Chairman:** No, but it is an important list.

**Mrs. Marland:** I know, but I yielded the floor yesterday and I never got it back.

**Mr. Chairman:** That is quite all right. Do not feel pressured at all.

**Mrs. Marland:** You talk about ineffective rehabilitation plus the increasingly complex appeals process that compromises the basic principle of accessibility, and that these are real realities. We have discussed the appeals process. I would like to know what you mean by "ineffective rehabilitation." That is a very interesting statement also.

**Mr. Yarrow:** First, "ineffective" in one sense, from a grass-roots level, is the time it takes to get into the system. It is very demoralizing. I have had personal experience with it where a supervisor waits 15 months to be seen, never gets anything accomplished at the Downsview rehabilitation centre and has wasted all of that individual's time waiting for nothing to happen, comes back to work and is exactly where that individual was 15 months before; still with the pain and still with the problem, and will probably have the problem next year at this same time. The frustration is there on that person's side, not being able to be seen by the system. I would like to make a point in here, very strongly, of emphasizing that we support the concept the

Ministry of Health is talking about, in terms of regionalizing; but I think there is a caution and a proviso that has to be put in there too. That, very simply, is this. As we speak, there are not the facilities in the province to accomplish that. That has to be done before we say we are going to regionalize and therefore take pressure off the use of the Downsview rehab centre. It has to be in place first and it is not. We support it when it is in place.

**Mrs. Marland:** Do you see that as being a fairly hefty investment to put in place?

**Mr. Yarrow:** I think it depends where they put it and to what extent they go. You can talk about all kinds of things as far as Downsview is concerned. It can become a very specialized area. It certainly is expensive now to be bringing somebody down from Thunder Bay to receive treatment there. It is bad enough if you are in Toronto trying to get in, but if you are bringing them down from some other point in the province, it becomes very difficult. I think it depends where they go and to what extent they are going to regionalize and how they are going to base it; whether it is going to be on the severity of the rehabilitation required or the degree of it required.

**Mrs. Marland:** In this statement, when you are talking about ineffective rehabilitation, are you talking about major job retraining and perhaps reclassifications of those workers? Is it that kind of category this is referring to?

**Mrs. Andrew:** I think Mr. Yarrow hit the nail on the head when he said it is the long delay before any intervention is contemplated. I think, on average, it is about 18 months before the Workers' Compensation Board intervenes. If you talk to medical practitioners, they say it should be done almost immediately. There should be a prognosis and some timetabling of how the rehabilitation will progress; and the employee should have, immediately, the expectation that after a certain number of weeks he or she will be ready to be reinstated. Instead, these people are simply left and they fall through the cracks for 18 months. By that time they are demoralized and the hope of actually rehabilitating them and getting them back to work is pretty much gone.

**Mrs. Marland:** So the cost is greater, I mean in the long term.

**Mr. Yarrow:** The cost both ways, dollars as well as in effort.

The Downsview rehab centre realizes this itself. I wish I could remember the lady's name



but I can get it if it is required. At an Industrial Accident Prevention Association conference I attended, the person in charge of carpal tunnel syndrome and that area of expertise at Downsview stated categorically that if she does not see the individual come into the system within six to eight weeks, it becomes mostly ineffective after that point. We had one case in point that took months and months.

1720

**Mrs. Marland:** This is one of the aspects I was discussing yesterday. What I was saying is that when treatment is delayed two things that can happen. You have the example you just gave where after 15 months they come back and they are the same as they were. You also have a deterioration. The other alternative is where treatment is delayed and is not accessible to the injured workers. The injury in itself becomes more severe because they need the physiotherapy or whatever the rehabilitative process has to be for those individuals.

The long-term overall financial burden on everybody becomes greater. Very often the prognosis and the recovery opportunities are diminishing because the accessibility is not there. It does not exist. When I look at the list of associations you represent, there is not anything in these areas that would not cover all kinds of sustained injuries in terms of the industries.

I am sure that for a lot of those kinds of workers in these areas, if they sustain something that is immediately treated and the body is physically able to be repaired, the workers are back working. Those workers are also spending money because they are earning their wages. The whole economic cycle benefits in terms of crass monetary aspects, but there are the morale aspects of those individuals as employees, which affect other employees, which affect the industries.

The whole thing is so interrelated that it just does not make any common sense at all to have that kind of protraction of the system. It becomes a nonsystem in fact. That is what we have today with workers' compensation.

**Mr. Doucet:** Mrs. Marland, we consider this such an important area that we have taken two other initiatives that do not wait for reforms in the workers' compensation area. With the medical profession, the Ontario Medical Association, which has a rehabilitation committee of its own and a very proactive young doctor leading that charge, we are trying to improve the patient-doctor-employer communications network, where the doctor community now is saying,

"This is part of your care, part of your becoming well again to be back to work."

The second one, very critical in the retail trade at least, but hopefully applicable to other sectors of the Ontario economy, is the development of modified work guidelines. It is not always possible for the worker to go back to exactly the same job immediately, but perhaps as part of the worker's care and improvement in rehabilitation he can do some kind of work that is defined in different way.

**Mrs. Marland:** Which helps their morale and their mental health.

**Mr. Doucet:** Yes, and that takes into account the union's position, the worker's position, the doctor's position and so on.

We are publishing these modified work guidelines with the Workers' Compensation Board's blessing very, very shortly. It is one of the highest priority items outside of the legislative framework that we need to address. You should take that into account when you address these matters in your report.

**Mr. Chairman:** I hope you will send us a copy of those.

**Mr. Doucet:** I would be delighted to.

**Mr. Smith:** I will try to keep to a short question here. Can you explain or have you looked into it far enough on the rates assessment? As I looked at the annual report, you have assessment rates from anywhere from 10 cents per \$100 up to \$28-and-something per \$100. That 10 cents, being the lowest rate assessment, is even lower than it was back in 1980.

To me, I do not know who is running a company which is at such a low risk that all it needs to pay is 10 cents. I happen to be in farming and I think last year I paid \$5.93 and this year goes to \$5.63 per \$100 of payroll. Have you any comments on the 10 cents? That to me is way off of whack.

**Mr. Nixon:** The 10-cent rate only applies to chartered accountants.

**Mr. Yarrow:** If they fall off their pencils.

**Mrs. Andrew:** Too many paper cuts.

**Mr. Chairman:** Who was it who said that actuaries and accountants have a sense of humour?

**Mr. Nixon:** I am trying to get the right personality.

**Mr. Smith:** Is there anywhere, though, where you can say, "Listen, if you are going to be a part of this game, this process, this WCB—" I mean

cents is not even realistic. I would have to ask that if you are talking about the accounting firm, they are people fairly capable of paying a claim. They know how to charge when they send someone, anyway. It just does not seem realistic.

**Mr. Nixon:** The accountants were in the broad clerical rate group. The accountants, basically, have very few claims, if any. It is probably an anomaly of the act. I know what the origin is, but they probably should not even be covered by the act if one accepts the premise that a lot of the other white-collar industries are also not covered by the act.

The origin of it was that when accountants went out and worked in different locations and audited and did inventory, they were in hazardous positions and should be covered under the act, so they were thrown in the broad clerical rate group. The accountants lobbied effectively and got themselves extracted from the clerical rate group, set up their own rate group and do not have any claims to speak of.

That they should not be covered at all is a weaker argument; or you ought to argue that everybody in the province ought to be covered. I ought to argue; I will not make that argument.

**Mr. Smith:** I have sent a letter to Mr. Elgie and likely I could be chastised for something I said in it, but I believe something has to happen. In fact, I think I even suggested that maybe the people should start to pay a little bit and then they would not be treated so badly in some ways or some cases—because I get enough in my office—when they do apply for help under the WCB.

I have heard large company personnel—and I will not give you the company's name or the person's name—say that they covered people for accidents in their homes. I say that is very unfair to a small company. I come from the petrochemical area so we are talking big companies, but they claim that they pay for accidents in the home. I do not know how they word it when they write up a claim or whether they do write up a claim or they do not give the people their salary.

To me, it is very unfair to have such coverage for a person working in a huge company—yet a person who maybe hires three or four people, if one gets hurt in the home he sees his buddy down the street being paid while he is off work for being hurt in the home. To me there has to be some inspection done on this, because it is killing the small employer. That is the way I see it.

**Mr. Yarrow:** If I may interject: I think you are accurate, but I think for perhaps partly the wrong reason. What has happened is that with the

changing of the definition of accident, the kinds of things that are being covered can happen outside the workplace but manifest themselves within the workplace.

A back injury can happen on a squash court, but somebody picking up a bundle of typing paper from a shelf, leaning over and experiencing a back pain or a spasm, can then put in a claim and maybe even in his own mind believe that it occurred in the course of his job, when in fact it might have happened the night before on the squash court or two weeks before on the squash court.

We are back again to the definition of the word "accident." When you were talking about traumatic accidents, broken arms, cut fingers, whatever, on-the-job accidents, you did not have the problem. We went from 1915 to the mid-1970s or later without the difficulty because of that definition. Because the definition has changed, you now enter into the lifestyle, the things that happen outside the workplace that can influence the claims that happen within the workplace.

**Mr. Smith:** You do not think someone could break a leg or an arm at home and a company could somehow—do not ask me how—still keep paying that individual?

**Mr. Yarrow:** The company could choose to do that, but I would submit the company would not—

**Mr. Smith:** Put in a claim?

**Mr. Yarrow:** I doubt very much that the company is going to be caught putting in a claim for that individual. No small company certainly would do it because of the rating that applies to them. I cannot imagine a large company doing it either.

1730

**Mr. Nixon:** You would not put the claim in to the WCB for it, but the company certainly could have its long-term disability program, its insured long-term disability program cover that.

**Mr. Smith:** Well, they were not talking long-term disability.

**Mr. Nixon:** Workers' compensation.

**Mr. Smith:** Yes. That is why I say I could hardly believe what I was hearing. They worked in personnel anyway. That, to me, is just a very low rate, and the other ones are extremely high, like \$28.05 for every 100. I do not know how a company can keep going, quite frankly. Anyway, those are all of my comments.

**Mr. Leone:** I was late. I would like to know about this council. How long has it been in existence?



**Mr. Yarrow:** Since 1983.

**Mr. Leone:** Just for five years then. These are the members?

**Mrs. Andrew:** Yes.

**Mr. Leone:** Are you completely privately supported? Do you receive any government financing of any kind?

**Mr. Yarrow:** No.

**Mrs. Andrew:** Absolutely not.

**Mr. Leone:** Are you dealing just with workers' compensation cases?

**Mr. Yarrow:** Anything to do with workers' compensation.

**Mr. Leone:** Just with that. So you must be experts I guess.

**Mr. Chairman:** Do you have any employees?

**Mr. Yarrow:** No permanent staff.

**Mr. Doucet:** Contracted-out staff.

**Mr. Leone:** OK, so you know that we have a problem with workers' compensation. Naturally you make recommendations. I have not have a chance to read some of the recommendations and the responses, to Professor Weiler's report for example. I hope that while you are protecting and defending the employers, at the same time your council tries to be fair also with the injured workers. In other words, you want to offer the government ways to save money.

**Mr. Yarrow:** Selfishly, it is in our own best interests.

**Mr. Leone:** OK. One thing I would like to know, since you are working with these cases: have you made some studies of other nations, such as the European nations or the United States? Is our system better or worse, in other words?

**Mr. Yarrow:** Specifically, I could say not. In terms of the ECWC, Workers' compensation is a provincial matter, and while we watch with interest what happens across Canada, let alone other countries, our specific mandate is within the province of Ontario. That is not to say that individual groups among us might not have—the Canadian Federation of Independent Business, for instance, might, in terms of some of its studies, incorporate facts and figures from elsewhere.

**Mrs. Andrew:** Yes, CFIB conducted a study this past year that was released in December and dealt with some aspects comparative to the US system. Again, it is very hard to compare a workers' compensation system across jurisdictional borders because the systems are so

different in terms of what they cover. Rate group configurations are very different. It is not possible, really, to look at a firm in the retail trade in Ontario and understand how that firm would be treated in a US state or in a European jurisdiction on a fair basis, because the benefits are quite different and the way the assessments are derived are quite different.

**Mr. Doucet:** Mr. Leone, I want to be clear from the retail point of view. I cannot speak for the other sectors here; maybe they want to pop out on their own.

Without question, the retail companies that deal with, which operate in every province in Canada, find the Ontario program is the leader in terms of the types of additional benefits that are provided and in terms of the types of problems we have discussed on the tribunal. I am talking about a leader not in a positive sense, but a leader in terms of trying to be progressive in legislation and then finding out it has not met the objectives that were set for it or it has not come in at the correct levels that were meant for it.

From that perspective, retailers who operate right across the country find the Ontario system the most difficulty to deal with at this time. That is why we are here today, hoping to improve Ontario is a model for other provinces, and when they look at Ontario and say, "Well, it has been tried there and maybe we should try it here," they get worried. I think Mrs. Andrew's point is well taken. You cannot do a comparison very well, but none the less the retail community is saying there is a problem.

**Mr. Miller:** Maybe it depends on whether you are getting compensation.

**Mr. Nixon:** Actually there are national companies among all the clients that Mercer firm has. They have a lot of national firms as clients. They are probably not a bad group to talk to occasionally.

You can pick a few national companies and ask the people who are in charge of workers' compensation, "How do things size up across the country?" It is probably not a bad thing to do. It is better for you to ask them than for me to sit here and tell you.

**Mr. Miller:** It has probably been covered about as well as it has been covered today. It is obvious there are real problems and that running a deficit as we are and with the waste that appears to be, there is not going to be an easy solution.

We have studied—getting back to the workers themselves—the people who have been around here for a while have watched the changes be-



through the Ombudsman. I think that is where there are a lot of recommendations. There is an independent study going back to the late 1960s making recommendations in favour of the injured worker. It is always very difficult.

I guess you get to the point where the employer—you talk about back injuries and we have been taken to plenty of those cases—where it was the injury really happened. To prove that it is not very easy to do. I do not know: the committee is going to have to make some recommendations. The minister I believe is taking a close look at it, and I think it has got to be resolved. Does the employer pay the total compensation?

**Mr. Yarrow:** Yes.

**Mr. Miller:** It has to be financed, and I think it is only fair that we do not pay it out to the legal profession to fight those cases. I think that has been mentioned this afternoon, that it should be as simple and straightforward.

If you are paying into a retirement pension when you get up to 55 years old and you stop work then you have to have income. So you have to go either to welfare or go to the Canada pension plan if you are totally disabled at that point in time. Depending on your working conditions, if you have not been able to put enough money away to take care of yourself then you have to come to the state.

You have made your pitch, and I have heard it many times. I am a farmer and I have been taken a lot of time too. I have worked with those cases and have never been able to collect. We have to protect ourselves. I suppose here we do not have some protection, I do not know.

**Mr. Smith:** An irate constituent? Is that it?

**Mr. Miller:** No, I do not know. I do not want to put it. Thank God, we have not had to do that; it is going to be interesting to resolve it.

I have you sat down as a group with Dr. Elgie to discuss these problems?

**Mr. Yarrow:** They have seen our WCB—

**Mr. Miller:** I know, you have said that; but you sat down across the table from him? He is the chairman.

**Mr. Yarrow:** I think this has happened on many levels and is happening more and more, unfortunately. I think our problem is that we do not have ready solutions necessarily coming out of these discussions.

There are small gains but I do not think we see large gains and certainly the employer on the other side sees no gains. All they see is the rate of assessment doubling, tripling and quadrupling

with the rate of inflation as time goes by. I think that is part of the problem.

**Mr. Miller:** But I think you would have to say that the employees see some benefits from it.

**Mr. Yarrow:** Some employees; the problem is not all of them. This is our very point. Some of them, yes. I think, as has been mentioned under the pension side, some are being overcompensated; on the other hand, some are being undercompensated. It is not equal.

**Mr. Miller:** That is what I am saying. Going back to the late 1960s when wages were very low and you had been on that compensation program at \$3 or \$4 an hour, that is where indexation had to take place because of inflation during the 1970s. That brought about the increases.

**Mr. Yarrow:** In part; I think you have to keep in mind that the presentation we made talked in terms of constant dollars. We did that on purpose to take the inflation factor out of it to the largest degree that we could. In spite of taking inflation out of it, it is still increasing. I think that must be understood. All things withdrawn that you might tie into the inflationary spiral has still not seen it level out in terms of cost.

1740

**Mr. Miller:** I think in regard to any legislation that comes before this Legislature, everybody gets an opportunity to have input into how it will affect them. I do not really think you can totally blame the legislators for all the problems.

**Mr. Yarrow:** No, that is not our intent. I think our intent is to suggest, so that we are not put into a position of blaming the legislators, that, first of all, you consult with us and after you have consulted with us and all of the number crunching has been done, we look at the impact of each change and how it is going to be funded. We do not feel as an employers' group that that has been done up to this point. This is not partisan. It happened with the previous administrations too.

**Mr. Miller:** No, when I speak I am not speaking as a partisan either.

**Mr. Yarrow:** Nor are we.

**Mr. Miller:** I think it is an open system here. Any legislation that comes in, you have input it is made public and everybody has access to it. I think we have tried to listen as long as I have been around, whether we were in opposition, minority or whatever type of government we have had. There has always been lots of public input.

**Mr. Yarrow:** Keep that in mind when this legislation comes down and try to find the

impact. If there is an impact and it is shown, then we may not like it but we would have to be satisfied that at least that exercise has been done.

**Mr. Chairman:** OK, Mr. Miller?

**Mr. Miller:** Yes.

**Mr. Chairman:** I was particularly interested in page 2 of your brief on reinstatement rights and vocational rehabilitation. The employers' council "believes that a satisfactory and effective model instituting a limited reinstatement right can be developed." I have a funny feeling that reinstatement rights are going to be an issue, because there is increasing pressure on the legislators, I can tell you, to do something about the right of workers to go back to their job, whether it is the same job or another job.

When we see those numbers of injured workers in our offices and out front demonstrating and so forth, a lot of them have the problem that they may only have a 30 per cent disability—and a lot of them even less than that—and they have no job to go back to. They can get around, they can talk, but there is no job for them to go back to. What do you mean by "a limited reinstatement right"?

**Mr. James:** I think we made an appeal to the Ministry of Labour and we simply said that there were limited rights which would require an employer to hold open a job for a returning injured employee within reasonable restrictions. Our debate has certainly concerned what reasonable rights are and what reasonable restrictions are.

But a more accurate label we think is a limited right of reinstatement because you cannot make it absolute. You do not know how long the man is going to be away. You cannot hold out a job indefinitely and you do not know whether he will be completely able to handle that position. So within reasonable limits, yes.

**Mr. Chairman:** As legislators, and I cannot remember when this was, I remember we had a very good debate in committee about this. There was a real concern expressed for the small employer who might have three or four employees and every job is a full-time job.

**Mr. Yarrow:** One of a kind.

**Mr. Chairman:** That is right, and utilizing all the physical capacities of that worker. That really poses a concern. But when you talked about a limited reinstatement right, I was not sure whether you meant for companies of 20 employees or more or whether you meant a limited right for that worker to be guaranteed employment.

**Mr. Yarrow:** I think in previous submissions we have had a formula.

**Mrs. Andrew:** We did get into some desirable features in that sense, by size of firm. I should say that from the point of view of the small firm community, their predisposition to having an employee back is quite strong. Obviously smaller firms are very strapped in terms of qualified labour and want their trained employees to come back as soon as possible.

I think the big roadblock for a small employer is this 18-month delay and the indefinite time frame. If you have one person away from a four-person staff, that is 25 per cent of your workforce and you just cannot go on very long in that circumstance. Our submission does take that into account. We suggested that a right would be appropriate for full-time employees of the large employer with some degree of tenure to the employer, for a year generally; but for firms with under 50 employees within six months.

**Mr. Chairman:** You mean they must return within six months.

**Mrs. Andrew:** Yes, because the smaller firm is the more difficult it is to manage without someone in that period of time. We would hope that the ministry would not lead with legislation in this area, as opposed to addressing the roadblocks to getting people back. I do not think that, for the most part, employers are unwilling to take people back; it is just that the delays and the uncertainty have been so bad that they are virtually forced to hire someone else.

We have dealt in our submission with not only the issue of rights but also the issue of responsibilities, and we have set out a number of responsibilities for all the parties involved: employer, the employee, if represented by a union his union, the medical practitioner and the board. We think it should be a bringing together of responsibilities on all those parties to do whatever possible to reinstate the injured worker.

**Mr. Chairman:** I know that in my constituency, which is largely mining and forestry, one of the companies related to the forestry industry is a terrible employer in that regard. Wages are good and so forth but if a worker gets hurt on the job and ends up with a permanent back or whatever—and that is a tough business in the forestry business—there is simply no duty, and it is not because it is a small company, believe me.

Those kind of employers are making it tough on people like us. I know that if we send out encouraging letters to employers that the employer will not do a thing about it.



ation will make that employer reinstate and workers who are partially disabled. I can see that right now. That is the old story of employers making it difficult for everyone.

**Mr. Yarrow:** There may need to be exceptions, but I would suggest that the responsible employer community would find no fault with a formula somewhat along the lines that is being considered. We waited 15 months for an employee to come back and my firm only has 20 employees. We waited 15 months to bring that person back to work and would have taken him back sooner had he been treated sooner. The problem was that the individual came back without being treated but having been off for 15 months.

**Chairman:** I just have one final question. Has anyone ever asked the employers or done studies on what happens if rather than compensation kicking in the first day, the employer assumes the first week's wages and compensation kicks in from the second week on? That is the case in some jurisdictions. I don't know any numbers and I do not know whether it would cost the employers more or less, but frankly, have you done any work on that?

**Mr. Nixon:** No, we have not done it systematically. That is quite doable, actually. The data has statistical data that one could do that we are contemplating paying full pay for the first week, then I guess the question is whether you would be contemplating full wages for the first week and then dropping down to what amounts to 75 per cent of gross or 90 per cent of that. It is going to cost more if you are going to 100 per cent rather than 75 per cent, but usually.

I think that one of the questions that came up when we did contemplate this is if the person was only off for two days and came back to work and that was the end of it, whether you were going to have to file a claim.

**Chairman:** In case there is a future publication.

**Mr. Nixon:** Yes, that is right. We did look at it as an alternative for experience rating on small firms. We did a bit of a study where it was a deductible, in effect. In other words, the employer paid for the first week and then there was some true insurance thereafter. That may be the only way you could get any meaningful experience rating on very small firms. Their experience just is not very credible. You might go three years without a claim, this is the way of thing; and that was one way to fight that.

**Mr. Yarrow:** I can tell you what happens in some cases because of fear of the system. As a general practice, some employers, some on an individual basis and some because they have been raided, choose to suggest that the employee remain on their time card if he is paid hourly. Certainly if it is a salaried situation you do not necessarily have the same problem, but on an hourly basis they will pay the employee for two or three days if they realize that that is all that is going to be involved.

You do not have to not file it as a claim. You can file a claim and they will open a file and have it not be a compensable accident. If you pay the individual, there is no compensation coming from the compensation board for that particular claim—we have done that ourselves—as long as they do not effectively go off the job. We bring them back and sit them down in a chair and say, "Do what you can, if anything"; as long as the doctor agrees, of course. In many cases, it is so minor that this happens now. It is a fear of the system, particularly by companies that have been raided.

**Mr. Chairman:** OK. Do any other members have any other questions for the employers' council? If not, Mr. Yarrow, thank you very much, you and your colleagues, for coming before the committee. We may or may not be inviting you to do the same in the next few months, but we thank you very much for your presentation this afternoon.

**Mr. Yarrow:** I would just like to close on a somewhat lighter note. I think with the idea of us coming here and talking—we always hope that it is not just so much rhetoric that goes back and forth. I think the communication is very important.

I would like to close off with an illustration that a gentleman, a Dr. Barry Kurtzer, gave at an Industrial Accident Prevention Association convention, at the same conference I was referring to earlier, about the need for the communication. He opened his talk by suggesting that doctors really do not know what is happening in the employer community. He was talking from a doctor's perspective. He had an overhead, such as Mr. Nixon was showing us earlier, of a cartoon. It was a Herman cartoon and Herman is sitting across from his doctor, and his doctor has the caption underneath: "It is too bad you are unemployed. You need a couple of weeks off."

**Mr. Chairman:** I will not touch that one. Thank you very much for your presentation.

To members of the committee, on Monday we are not meeting here. We are meeting in the



Macdonald Block, in the Huron Room which is on the second floor. For those of you who were at the demonstration the other day, you perhaps heard the organizers of that demonstration invite all the injured workers to come there. The injured workers are meeting at 3 o'clock and then going over to that room.

On Monday, we only have the afternoon for

the injured workers' groups, so it would be nice if we could be over there and start as close to 3:30 as possible to give them a fair hearing.

**Mr. Nixon:** Do you have to wear battledress?

**Mr. Chairman:** If you come, wear battledress.

The committee adjourned at 5:54 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**

Monday, June 6, 1988



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, June 6, 1988

The committee met at 3:45 p.m. in the Huron Room, Macdonald Block.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** The standing committee on resources development will come to order. This afternoon, the committee is hearing from injured workers' groups from across Ontario. We only have until six o'clock because that is when the legislature adjourns and that is when we adjourn as well. I wish we had more time, but we simply do not. I ask that the presentations be fairly brief because you know the time restraint we have as well as I do. We are here today to listen to your concerns and to the people who are speaking on your behalf.

We are very pleased you are here. We are happy to see as many here. We did not think there were going to be this many, but we are very happy that there are because when this committee looks at the problems of workers' compensation, you are the reason we look at the problem and we must always keep that in mind.

Without any further delay, I should introduce the members of the committee who are up here, those you do not know. On my far right is Gordon Miller; next to him is Mike Brown; Bud Feldman is on my right; Laureano Leone is to my left, and Shirley Collins. That is the committee. There are a couple of committee members who will be joining us in the next little while.

Without any delay, we will move right into it because of our time constraints. I do not know who is making the first presentation. I will turn it over to you and perhaps you would introduce yourselves so that everybody knows who is speaking.

### TORONTO INJURED WORKERS

**Mrs. Smith:** My name is Lorraine Smith and I am representing the Toronto Workers' Compensation Board Caseworkers Group. It is a group of Toronto legal clinics that represent injured workers with their problems with the Workers' Compensation Board. Eddy Cauchi is here with me today. He is the president of the Union of Injured Workers, and this presentation is a joint presentation of the legal clinic groups and the

Union of Injured Workers. I think I would like Eddy to say a few words first on behalf of the union.

**Mr. Cauchi:** As Lorraine said, my name is Eddy Cauchi. I am from the Asbestos Victims of Ontario and I am also the chairman of the Union of Injured Workers of Ontario.

As Lorraine said, we all have something to say here and I would like to introduce you to the whole table. To my right is Lorraine Smith from the Industrial Accident Victims Group of Ontario, Susan Howlett from the Injured Workers Consultants, Ellen Lipes from IAVGO and Marion Endicott on my far right from Injured Workers Consultants. John McKinnon is right behind me. I just took his chair.

I have been out of circulation for a while because I had a heart attack dealing with the compensation board. If that stress does not kill you, the compensation people will, but I am not here for that kind of discussion today. That is another matter.

I notice here in front of me, ladies and gentlemen, it is the same game but a new team and I am sick and tired of coming here, year after year, wasting our time. There are a lot of people on crutches and in wheelchairs. They come from their houses. They leave their wives and kids. Somehow or other, they manage to get here and if you think it is easy to get here for some of these people, you try to be crippled like some of these people and make it to Queen's Park from Downsview and from all over Ontario.

What I really want to say to you people is that I know we have a big overall majority in Ontario now and there is no reason why the Liberal government, which waited 40 years, criticizing the Tories and making recommendations when they were in opposition, cannot fulfil its obligations.

Their obligations are all over the place. We do not forget; injured workers do not forget. We might be injured, we might be working-class and digging ditches, but we are not stupid. When we go to Loblaws, we pay as much as anybody else. They do not tell us, "You're injured," or, "You're Italian or Maltese," or whatever. They say, "It costs that much," and we have to pay it, whether it is rent or shoes for the kids or school taxes. When you pay your taxes in Ontario, they



do not tell you, "OK, you're on compensation, you pay less." No, you have to pay just as much as your next-door neighbour.

1550

I cannot afford to talk to you at length. I would love to, as the chairman would know, but I would like to make it very brief.

I am sure that you, being on this standing committee on resources development, have access to past recommendations when the Liberals were in opposition. Please take a look at them. I have the 1984 recommendations here, and they were signed here by some people who are not with us any more because the people thought they were not doing a good job. They got somebody else to try to do a good job. Now that you are in their place, do a good job and fulfil your promises to the injured workers.

We do not bother with Queen's Park seven days a week as big business does. We come here on June 1, or maybe to such a committee as this. We cannot afford to come here every day. It costs money, and it is painful to come on crutches and to come in wheelchairs and with heart pacers, such as I have.

In 1984, believe it or not, this committee made 40 recommendations. When I sat looking at them at home last night, I found out there are 39 3/4 still outstanding.

I would like to cut it short. You people want to go home and I have to get to Oshawa too. Please fulfil your obligations. You have a big majority. I do not see why the Liberals should stall any more on us. They really very much.

**Mrs. Smith:** I am a little concerned about those of you who are standing at the side and the back. There are three chairs up here. Are you out of chairs? There are three up here and one over there.

Last year, we began our submission to you by stating our concerns that the Workers' Compensation Board would control its mounting costs by penalizing injured workers through cutbacks in the compensation system, rather than finding legitimate ways to reduce the unfunded liability. We strongly recommended that WCB costs and justice for injured workers are two distinctly different issues and should be kept separate. Controlling costs should not be at the expense of justice.

You can imagine injured workers' anger when they realized that our fears were justified and that 1987-88 was going to be a year of cutbacks in their benefits. The new, sleek board was bowing to pressure from employers to cut costs, when the only legitimate way for the WCB to do that is

through proper enforcement of health and safety legislation and through effective rehabilitation of injured workers.

On November 9, 1987, the WCB introduced new policy on subsection 45(5) regarding temporary looking-for-work supplements and wage loss supplements which amounted to the first serious cutbacks since 1915 and were the first indication of the direction the board was moving towards, a board concerned more with employers' interests than injured workers' interests. Coincidentally, this new policy was introduced shortly after the Peat Marwick report indicated that supplements were an area where costs had risen considerably.

Even though we have been assured by those in command at the board that there is no connection between this study's finding and the new subsection 45(5) policy, we remain unconvinced. There is other evidence to support our conviction. The report of the Ontario Task Force on the Vocational Rehabilitation Services of the Workers' Compensation Board recommended a complete overhaul in that area. While the WCB has indicated in its public relations statement that it accepts the general thrust of about 85 per cent of the recommendations directed at the board, Wally Majesky, co-chair of this task force insists that the board has rejected 87 per cent of its recommendations.

Where does the Minister of Labour (Mr. Sorbara) stand in all this? He washed his hands of any responsibility for the subsection 45(5) policy change. While the task force on vocational rehabilitation was commissioned by his party, the Liberal government, he has also abdicated his responsibility in this area by taking no legislative action, even though the task force made recommendations that required ministerial action.

Perhaps the real reason for Mr. Sorbara's hands-off approach is a hidden agenda. Rumour has it that the legislation the minister says will be in Orders and Notices soon will contain aspects of the Weiler wage-loss pension system introduced in 1983 by the Conservatives, totally rejected by the then Liberal opposition party, the New Democratic Party, the Association of Injured Workers' Groups and thousands of injured workers themselves, and subsequently withdrawn in the face of this opposition.

We now fear that the subsection 45(5) supplement cutbacks were paving the way for a possible Weiler wage-loss system. Why legislate on reinstatement rights, so strongly recommended by the task force and desperately

by injured workers? We hate to believe we are being too cynical by suspecting this legislation may very well be introduced, but together with the hated Weiler system, ransoming rehabilitation and reinstatement rights—the spoonful of sugar—for the bitter pill of Mr. Weiler's already existing pension system. This is completely unacceptable. Mr. Sorbara should stick to the basics and concentrate solely on comprehensive legislation regarding rehabilitation and reinstatement rights.

Our submissions today by case workers and injured workers deal with WCB administration issues, WCB cutbacks and other WCB issues, Workers' Compensation Appeals Tribunal and the office of the worker adviser.

Maybe before I turn to Ms. Lipes, who is going to talk about the policy-making process, I will just read a couple of our recommendations regarding the reorganization of client services.

Basically, the WCB this year has completed the reorganization of its services to clients into divisions, or integrated services units. Unfortunately, what we have found is that there are still major problems with delays. In the experience we have had, the anticipated improvement in the speed of decision-making has not materialized. On the contrary, the delays in the process are worse now than they have been for a while.

Our recommendation in this area is that the board establish claim-management time limits and set up an administrative mechanism for editing the adjudication of those claims which exceed the set limits, especially for cases where the worker is in urgent need of assistance. In terms of the lack of co-ordination of services, there are problems with the recent ISU review model. The first is due to the fact that the claims are grouped according to the employer's geographical location. There is a group of permanently disabled workers who are very poorly served by this new model; that is, the workers with two or more claims. Therefore, they are falling within the jurisdiction of two different ISUs.

This is often a problem for workers who were permanently injured in the construction industry who were subsequently unable to go back to work in that trade. As each ISU functions separately from the other, the adjudication of those workers' claims will often be dealt with in an inefficient way, resulting in confusion and a long delay for the worker.

Our recommendation in this area, in order to ensure that the information pertinent to a worker is not scattered throughout different units, is that

the board should take measures to assign the files of a worker currently served by more than one ISU to a single unit.

The second problem is that the ISU, contrary to what was promised by the board, does not integrate the various functions of services to clients in order to promote a team approach to the adjudication of claims. In our experience, the effects of reorganization on quality of services are quite limited from the point of view of injured workers.

In practice, the various decision-making functions of adjudicators and counsellors are still carried out as separately as before. This is of particular concern in regard to the provision of vocational rehabilitation services and financial assistance to workers during this period of rehabilitation. The claims and pensions adjudicators are the ones who make decisions regarding the payment of benefits, and the vocational rehabilitation staff will often be required to provide the information necessary to their decision-making. It is important, therefore, that there be meaningful consultation, and at this time it does not seem to be happening to the degree that it should. What we fear is that the vocational rehabilitation counsellor's role within the ISU will be a reduced one.

## 1600

Our recommendation in this area is that the WCB take measures to ensure that claims and pension adjudicators be required to obtain and consider information regarding vocational rehabilitation matters where this information is pertinent to their decision-making. Where their decisions are inconsistent with the general actions proposed by the vocational rehabilitation staff, a rehabilitation assessment should take place to resolve the dispute.

I now turn to Ellen Lipes of the Industrial Accident Victims Group of Ontario who is going to talk about the policymaking process.

**Ms. Lipes:** I am going to speak about the policymaking process. This past year was marked by lack of consultation and communication between the board and the injured-worker community. I am going to talk about three areas where we have noted great deficiencies. The three areas are as follows: the first is changes and proposed changes in policy; the second is the corporate board and its relationship to its constituents, and the third is the updating responsibility of the board to manual subscribers.

As regards the first area of deficiency, changes and proposed changes in policy, I will talk about the supplement policy, the vocational rehabilita-



tion policy and the external consultation process that has recently been approved by the board.

The supplement policy: On December 1, 1987, manual holders were invited to a session held by the board to introduce us to the new supplement policy. The new supplement policy had been in force as of November 9, 1987. In effect, we were being invited to a fait accompli. The audience expressed its extreme disapproval over the lack of consultation. Henry McDonald, the executive director of policy and program development, said that he would take the message back and that it would not happen again.

In late April, we received a slim document outlining the board's new strategy for vocational rehabilitation. Input was requested by May 20, which was a mere four weeks. No background documents were provided, simply an outline of four and a half pages with no content regarding the amount of resources that would be allocated or how hard the board would try to place injured workers.

In response to vociferous opposition to this by Toronto case workers' groups and other representatives of workers and injured workers, the date was extended somewhat and we were provided with a second document entitled Vocational Rehabilitation Strategy, which is a document that was presented to the corporate board.

However, regretfully, we must say that the second document is a mere reiteration of the first document, but it just takes up more pages and still does not provide us with the substance of the new strategy. We presume that the board considered background documents, research and analysis. It had options and recommendations that came before it in its formulation of this new policy, and we have yet to see them. Dr. Elgie has requested our input in order to develop the full proposal. However, it is impossible to have meaningful input without all of the above background documentation.

Third, I would like to talk about the external consultation program during the policy development process. Recently, the board approved a new external consultation process. Originally, injured workers were not included as stakeholders.

We objected to this, and in response to our objections we have been informed that injured workers and their representatives in clinics will be allowed to participate in some form, but once again our concern remains the same. We have no commitment from the board that we will be provided with relevant background papers, re-

search and analysis papers, including options and recommendations considered by the board in the policymaking process. We fear that this process will turn out to be an empty and futile one without this commitment to provide us with the documentation.

Our recommendation is that in regard to new policy changes we be provided with material on the above materials I have described that we require, and a reasonable time within which to make written submissions in response to the materials, and that there be a subsequent opportunity for us to provide input on the board draft proposal before it goes to the corporate board.

The second area of deficiency I would like to discuss briefly is the corporate board. I will just touch on one of my points due to the shortage of time today. I request that you read the other points I have mentioned in your own time. I will just touch briefly on the new confidentiality requirements approved by the corporate board directors at its April 7 meeting.

We know that these new confidentiality requirements were approved because we read about them in the April 7 minutes of the corporate board. It says they were approved. However, we have been unable to obtain a copy of them. We have applied under the Freedom of Information and Protection of Privacy Act, but to date we have not had a response. We understand, however, that under the new policy, discussions with constituents will be limited. We understand that the board members will not be able to divulge recommendations and options. Background papers may be provided if they are not marked "confidential".

We are extremely concerned that this new confidentiality policy the board of directors members must follow will inhibit constructive interchange between the board of directors and its constituents. We are concerned that constituents once again will not be able to give constructive input and that board members themselves will limit their own effectiveness in representing the interests of their constituents. We recommend that board members be permitted to communicate openly with their constituents and obtain their input.

The third area of deficiency is lack of updating by the board to manual subscribers. This is indeed a very serious area of deficiency. Recently, we were sent the new board policy passed in the last year. Among them were the famous supplement policy, which you will be hearing more about, the commutation policy



er new policies that were passed. Conspicuously absent were the guidelines to the commutation policy and, as well, to the supplement policy. The guidelines to the supplement policy are called "Addendum to Supplement Policy: Administrative Guidelines on the Work Adjustment Supplement."

The commutation policy guidelines are much more restrictive than the policy itself. In order for representatives to represent a worker properly, they must know what these policy guidelines say. In effect, they tell you the way the board is going to apply the policy. Similarly, the addendum to the supplement policy tells you the guidelines that apply to workers who were receiving temporary supplements on November 9, 1987, which is the day the new policy becomes effective, so different guidelines apply for those workers receiving the supplement prior to and including November 9, 1987. Representatives who do not have these guidelines cannot give proper information and have not been properly informed about this policy.

Just as an aside, I would like to tell you that I had the addendum at a phone booth at the board, which was lucky because then I could pass around to all my co-workers, but that was just fortuitous. Had that not happened, we might not know it existed and would not really know the impact of the entire policy. We would not be able to represent our clients properly.

We recommend that manual subscribers be sent all policies, policy guidelines and procedural guidelines and that they be sent to us at least one week prior to implementation.

Last, what I would like to say in closing is that my supervisor of policy publications has told me I have been instructed not to release policy guidelines to people who call. We find this a frightening precedent and it must be stopped.

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**Mrs. Smith:** Our next speaker is Marion Endicott of Injured Workers Consultants and she is going to talk to you about cutbacks.

**Ms. Endicott:** The year 1985 hailed a new compensation system in Ontario. It included a new administration that was brought in which we believed was dedicated to improving operations and creating an open, consultative style.

What we are seeing are these effective administrators guided by pressure to reduce costs. In doing so, they are finding legal tools to challenge the authority of the tribunal, as you will hear later, to duck the influence of the board of directors and, as I will be discussing, to revise

policies in a way that leads to reduced benefits and services to injured workers.

In the past year, we have seen a number of major policy initiatives that we expect will have negative consequences for injured workers. In some instances, we have already seen these effects. In other instances, there has not been enough time yet to see the results. In contrast, we cannot say that we have seen any positive improvements in policy, with the rather minor exceptions that transportation costs incurred by injured workers are now covered and there is a very tentative step towards improving the hearing-loss policy. That has not been passed yet, but they seem to be making some moves in that direction.

I would now like to go through the major policy changes that have occurred in the past year. You will have heard about most of these through the press, if from no other source I am sure, but I think they are important to go through.

The first is the chronic pain policy. In July 1987, the WCB took the ground-breaking step of recognizing the medical existence and compensability of chronic pain.

However, the policy and its implementation are very cautious in their approach. It can actually be considered a negative policy. In other words, many workers will end up with fewer benefits than they would have otherwise received. For example, temporary total disability benefits will be terminated earlier in many cases, since the WCB will pay only for six months after the generally expected recovery time for given injuries.

The board has a chart. It has nothing to do with the injured worker's actual medical situation. It is a chart of expected recovery times. When you have reached that time, unless there is some extraordinary circumstance in your situation, you will be cut off temporary benefits and be assessed for a chronic pain disorder.

Instead of ongoing temporary total disability benefits, the worker will now receive, after the six months have passed, a pension rating up to a maximum of 30 per cent. This maximum includes any organic award. The basic requirement for entitlement for chronic pain is that the worker have a "marked life disruption." This is simply in our opinion another term for "totally disabled" since it includes such concepts as inability to work, social withdrawal and deterioration in personal hygiene.

With this threshold for entitlement, either temporary total disability benefits should continue, especially if the worker is still under active

treatment, or pension awards of up to 100 per cent should be granted.

The pensions are awarded on a one-year provisional basis. Not only is the chronic pain component of a pension made provisional, but any existing organic pension will be converted into a provisional award as well.

This would appear to put permanent awards into jeopardy. So far there are no anniversary dates for chronic pain cases so we have not seen the actual results, but we certainly submit to you that it would make any worker hesitate before pursuing a chronic pain disability pension.

While we have many other disagreements with the WCB's policy on chronic pain, these are the points where we see actual cutbacks from the pre-policy service levels to injured workers.

I would now like to turn to the supplement policy that you have heard something of already. There are three components to supplements at the board, what we might call a rehabilitation supplement, a wage-loss supplement and an older worker supplement. I will address the rehabilitation supplement first.

Following fast on the heels of a financial study, the Peat Marwick report of September 1987 that showed significant increases in supplement payments over the past 12 years, the WCB obtained a legal opinion that its interpretation of this section had been "patently unreasonable." This was quickly followed by a major change in WCB policy, a decision on which the board of directors agreed to delegate its authority to the administration.

The most startling aspect of the new policy is the introduction of "deeming" of future wages into a threshold test on entitlement.

Pensions adjudicators determine, at present as far as we can tell in a very haphazard manner, what jobs the injured worker might be expected to be able to do and what wages would be associated with such jobs. If the value of the average wage of those jobs plus the worker's pension are equal to or more than the worker's pre-accident earnings, adjusted for inflation, the threshold will not be met. In other words, no supplement will be paid in these situations.

Previously, any co-operating workers who were unable to return to their pre-accident employment were granted a supplement. Now, injured workers can be unemployed, unable to return to their previous work and they still will not receive a supplement even while looking for suitable work.

An example from the compensation board's own training materials serves to illustrate the

situation quite nicely. The board provides the example of a 28-year-old man with a right arm amputation and a 65 per cent pension. It calculates that the post-accident earning capacity of this man is \$250 a week. The man is in fact unemployed, looking for work and hoping for some skills training to increase his marketability. As we all know from experience that employers are very reluctant to hire injured workers.

When the value of this man's pension and his estimated earnings are added, they come to slightly more than the \$475 a week he had earned prior to his injury. Thus, this man would not pass the threshold test and would not receive a supplement.

Anticipating concern from its own staff about this kind of situation, the training materials go on to say, "You must be assured we are not applying the section appropriately."

The new threshold criteria also include a significance test; that is, any wage loss which does show up from the calculations must be considered "significant" before a supplement will be considered. So far we have little indication of how "significant" will be measured.

It must be understood and emphasized that the calculation of the wage loss is done not on the basis of actual employment positions the injured worker could actually apply for, but on a theoretical basis considering what kinds of jobs he is expected the worker could do, without regard to whether or not such jobs actually exist.

According to the WCB staff training materials, there are also strict time limitations now imposed on payment of the supplement. There is one year for job preparation—this is an area of entitlement that would usually be covered under section 54—and six months' restriction on looking for work.

The WCB administration at the upper level says that these limits do not exist. The policy is still too new for us to see what the practice will be. Certainly, the board staff have been training with these limitations in mind.

The WCB says that its statistics show that more workers than ever are receiving supplements. While we are glad to hear this news, we cannot honestly say that we expect these positive figures to last. The supplement policy is under considerable public scrutiny at present. We predict that once the attention has subsided, an obvious consequence of the policy will begin to be seen in increasing volume.

Then we have the wage-loss supplement legislation on the wage-loss supplement which was reworded in 1985 to take inflation into account.



these supplements would not be eroded over time. The effect was to strengthen the concept that the supplement was to be paid as long as there was a wage loss.

The new policy has reversed this and put a maximum time limit of three to six months on these supplements.

We have seen many cases in this instance where workers, some of whom had been receiving the supplements for years, have been cut off. This leaves them with unacceptably low incomes. The former, as we now have to say, rehabilitation philosophy talked about not relegating injured workers to a lower economic plane. We are now seeing injured workers relegated to a lower economic plane all over the province.

Finally in the area of supplements, we have the older worker supplement. It is interesting to note that the original guidelines developed on the use of the supplement, back from 1976 when it first came in, indicated that any worker who could not realistically be expected to return to any form of employment due to his compensable injury, in combination with other social or health factors, could receive a supplement until age 65, accounting for the Canada pension plan.

The WCB never used this guideline, its own guideline. However, it eventually began to implement it in another form for workers who were in their 50s in this kind of situation of being unable to return to work. In 1985, the legislators sought to strengthen the use of the older worker policy by putting it in the act.

When this was first done, the WCB readily granted these supplements to workers in their 50s and even to some in their late 40s where all were in agreement that it was most unlikely the worker could be successfully hired. In the last six months we have seen a major tightening up. It appears that with only considerable advocacy will workers under the age of 57 receive older worker supplements.

As Mrs. Smith has already mentioned, overall this policy change represents the biggest cutback we have seen since 1915 in the area of workers' compensation in Ontario. We have to remind you that it was done under what we would submit to you is a rather questionable legal opinion and proposed by the board of directors. They were asked to delegate their authority on this question because of the legal matters involved and they complied with this request.

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The next area of policy change is the area of commutations. The board put in a new policy last

spring and put in the guidelines on January 15, 1988. As Ms. Lipos has mentioned, this is one of the policies we did not really hear of. It just came to our attention because injured workers began phoning.

It is not at all clear what the WCB's rationale is for the new wording of its policy. In the paper we have the new wording. I will not take the time to go through it now. It is not at all clear how it is intended to be distinguished from the previous policy. So far, the board has not given us that information, although we have requested it.

It does seem clear, however, from reading the guidelines—not the policy but the guidelines—that the application of this policy represents yet another underhanded and significant cutback for injured workers. The guidelines specifically exclude home purchase, except under special circumstances, new businesses, self-employment and emigration as valid bases for commutation requests. They also make it clear that most requests for debt clearance and vehicles will also be denied. All of these were previously among the primary uses of commutations.

The policy says that commutations are to be used for rehabilitative purposes. However, the guidelines say that there must now be no direct link between the commutation and employment. Rather, the commutation must be directly linked to "reducing the effects of the disability" or reducing "the financial situation contributing to a disability," whatever that means. This requirement appears to propose that the worker's own money, the permanent disability award, will now be used where in the past additional benefits were or could have been granted.

Specifically two things:

1. Section 54 of the act says that the board may make expenditures to lessen or remove any handicap resulting from the injury. We are very curious how the WCB can distinguish commutations to reduce the effects of the disability from this section of the act which provides for additional assistance. Must the workers now pay for their own rehabilitation?

2. Psychological disabilities arising from an accident are eligible for compensation. The board's policy on psychological disability has identified problems that arise out of the prolonged nature of a disability, including financial hardship, to be compensable. Usually, permanent disability pensions for psychological conditions are provisional in nature and often paid in lump sums. The new commutation guidelines suggest that this kind of psychological disability



will no longer be compensable, but rather treated using the worker's own organic disability award.

In addition to virtually eliminating the accepted uses of commutations, a further restriction was put on applicants. In order to have a request granted, they must be either already employed or have a firm job offer. The commutation continues to be identified by the board policy as something that is a rehabilitative measure, yet it is, on the one hand, to have no direct connection to employment, while conversely being offered only to those who are virtually rehabilitated.

We have yet to see any commutations approved under this new policy. Some observers have suggested that with these guidelines in place, perhaps we never will.

The final area of cutbacks through policy changes I would like to draw your attention to is that on the board's new vocational rehabilitation strategy. It is generally accepted that a successful rehabilitation program is the hallmark of a successful workers' compensation system.

The WCB was highly criticized for lack of meaningful success in rehabilitating large numbers of injured workers, so the Ontario government appointed a task force to look into the matter in May 1986. The task force was tripartite in nature and was unanimously appalled by the insufficiency of services and the callous disregard of the emotional impact of the injury or disease on those being served.

Eighty-four recommendations for improvement were made. Included in these recommendations were that legislation should be passed to make rehabilitation a right and that legislation should be passed to provide for mandatory reinstatement. These were, in our opinion, the key recommendations.

Rather than take the opportunity to install a significantly improved rehabilitation program at the compensation board, the Minister of Labour has handed the task back to the Workers' Compensation Board itself. The result is a WCB strategy that contains some possible improvements, but falls very short of the recommendations of the task force and short of the expectations of injured workers in Ontario.

Our full critique is far too long to go into, but is certainly available to you.

In addition to the inadequacy of the board's proposed new strategy is the effect of the board's policy on supplements on rehabilitation. You are aware of the threshold criteria for supplement entitlement. It appears that the same threshold criteria are being applied to rehabilitation services. We have seen a number of cases where

rehabilitation services have been denied because the supplement was denied. Please bear in mind that according to section 54 of the act, there is a threshold requirement.

Although the administration denies it, the training materials given to the staff at the board indicate that strict time limitations will be placed on rehabilitation. Previously there have been no time limits. The training materials also make quite clear that rehabilitation services will not be extended until a person has a pension award. The materials give the example of a man who will not be able to enrol in an education program because its starting date occurs a few days before his pension examination date.

The reason for this, they say, is that the threshold test for supplements cannot be applied until the pension is determined. In other words, this man's schooling is going to be held up for several months to one year, depending on how long the course is, just in order for the board to catch up and do its pension assessment. The administration also denies that this is the case. It seems, however, that the staff have been trained otherwise.

Included in our submission to you was a paper called "The New 45(5) Policy: A Handicapped Workers' Rehabilitation". Due to shortness of time I do not feel that I can go through it in great depth with you, but I would like to point out a few things. It is the following paper after one on cutbacks.

It goes into more detail on the virtual elimination of the wage-loss supplement and the effect that this will have on the wellbeing of injured workers, relegating them to a lower standard and economic plane. It talks about the problem of how the rehabilitation counsellors will be significantly removed from the actual rehabilitation process because, in applying the subsection 45(5) policy, it is the pension adjudicators who will decide whether or not an injured worker will benefit from a rehabilitation program.

As the paper says, what we end up getting is a process whereby vocational rehabilitation is decided primarily by a rehabilitation specialist but by a pension adjudicator whose speciality is not vocational rehabilitation, but the application of the new subsection 45(5) cutback policy forced upon him or her by the new Workers' Compensation administration.

It also goes into more detail on what I have already pointed out, that there are, sort of, through the back door, new artificial thresholds that have been applied to eligibility for rehabilitation.

Another major concern about the subsection (5) policy is that vocational rehabilitation will shift from being rehabilitation to vocational training. As a result of the new policy, rehabilitation will be shifting its focus. Instead of concentrating on helping to find the job for the worker, as was stated in the former philosophy, considerable resources will be wasted in the process of estimating the worker's post-accident working capacity. A lot of time will be spent in gathering evidence from rehabilitation counsellors and agencies with respect to the estimation of worker's abstract capacity to work, instead of concentrating on help for the purpose of finding a concrete job.

In conclusion, in the area of cutbacks the board has made it clear that it is committed to reviewing all of its policies. If the present trend is maintained, we will soon have a compensation system gutted of justice, however rendered. Even in Peterson's Ontario, the level playing field is already being established, although the trade agreement has not yet been sanctioned. We have a number of recommendations coming from the cutbacks proposal. I will let you look at them in your own time. However, there are two that I would like to point out. One is that the Minister of Labour must take responsibility for the overall direction of the compensation system, including how the WCB interprets and enforces legislation. The other is that the current replacement policy which came into force on November 9, 1987, must be terminated. Any new policy proposal must receive full discussion by the WCB's board of directors and it must be approved by the board of directors.

Now gather we have a number of injured workers who may want to let you know how they are being affected by these cutbacks and I turn back to Lorraine.

**Mrs. Smith:** Thank you, Marion. You probably noted that we have titled our brief "Plus ça change, plus c'est la même chose," and there is a lesson for that. The reason is that when we go back through all of our briefs that the case workers have presented to the standing committee year after year after year and when we go through these that you have made recommendations—on some of you have been on this committee for a while and some of you are new—it is extraordinary how many of these problems are still the same.

The areas which required change, the major problems are still there. Injured workers can stand up and tell you, even though we have been working

for them and you have been working for them, that the major changes needed to make their lives better just have not happened. There is one thing, automatic indexation, that has happened; all the others are still outstanding.

I think that at this point what I would like to do—you have our submissions here and you can listen to us talk but I think it is really important for you to get a reflection of how serious the problems are. If I stand up, can everybody hear me?

**Mr. Chairman:** Just before you start that, Lorraine, have you worked it out with the northern Ontario injured workers and the southern Ontario injured workers about time-sharing?

**Mrs. Smith:** I have spoken to Steve and he needs about half an hour, which would give us 15 minutes more. I do not know about the southwestern. Is John Slinger here? Can you give us an indication of how much time you would require?

**Mr. Slinger:** I think there is an individual from Welland here and I anticipate that David Craig and I will be no longer than half an hour or so.

**Mrs. Smith:** You would need half an hour; so an hour, and the committee is going to six o'clock. I could try to do this part in 10 minutes. Then if we wrapped it up by five o'clock, we would have half an hour for each other group.

**Mr. Chairman:** There are two other groups, though, the northern Ontario injured workers and the southern Ontario injured workers. Now we are talking about the southwestern Ontario injured workers, so that is three other groups.

**Mrs. Smith:** I think it is the same thing. Southern and southwestern is the same thing, so there are two other groups.

**Mr. Chairman:** OK, sure.

**Mrs. Smith:** I would like to do something for the standing committee here. These are MPPs who sit in the Legislature every day from all three political parties. They hear our briefs on what is wrong with the compensation system. I would like to show them just how serious the problem is. So please, all who are living on just their pensions—no wage-loss supplement, no looking-for-work supplement—all who are only living on their WCB pensions, stand up please.

**Mr. Buonastella:** Remarks in Italian »

**Mrs. Smith:** I am just going to explain a little bit first. If you could please stay standing. I know it is hard on you, but stay standing.

It is interesting—what I tried to do before we came in was to take a list of these people and find



out the percentages of their pensions and how much they were living on. I tried to divide them: "Which of you have been cut off a wage-loss supplement? Which of you have been cut off a temporary supplement? Which of you cannot work but cannot get any supplement?"

It became very confusing because, as you can see, there are a lot of people here. So I thought the easiest way to do it would be to show you how many people here are living on their WCB pensions with no supplement. This will give you just a brief cross-section. I got up to 20 and then I just stopped doing it because it was getting confusing: 10 per cent, \$137 a month; 9.5 per cent, \$180 a month; 35 per cent—wow!—\$365 a month; 12 per cent, \$224 a month; here is a lucky one: 66.5 per cent, \$700 a month; 30 per cent, 15 per cent, 20 per cent, 40 per cent, 10 per cent, 33 per cent, 5 per cent, 30 per cent, 10 per cent, 10 per cent, 13 per cent, 20 per cent. As you can see, most of these people are below 30 per cent of either 75 per cent of their former gross salary or 30 per cent of 90 per cent of their net salary.

I am going to ask all of these people who are standing and who are living on their WCB pensions with no supplement: How many of you people, if we could give you a suitable light-work job, would take that job?

**Mr. Buonastella:** [Remarks in Italian]

**Mr. Chairman:** Lorraine, would you mind, Hansard is having enormous difficulty. Can you hold the mike? If you would hold the mike, then Hansard could pick you up.

**Mrs. Smith:** Can you raise your hands, everybody sitting in this room, standing or sitting? Everybody can sit down. Thank you.

Everybody in this room, if we could find you a suitable light-work job—put your hands up, how many of you want to work at a suitable light-work job? How many people are actually working? One, two, three; four people are working.

I think that really says it all. Most the people who stood up are living on less than 30 per cent pensions without supplements. When I ask how many people would like a suitable light-work job, you can see most of the people in this room would like one. How many people are actually working in a job like that? Three or four people.

We have one injured worker here today whose name is José Soares. He would like to just tell you a little bit about why injured workers feel so strongly that the number one demand, the one thing they want to see legislation for as fast as possible, is the right to a suitable job enshrined in legislation and the right to rehabilitation of an injured worker with permanent disability en-

shrined in legislation. I would like José Soares to speak to you now.

**Mr. Soares:** Good afternoon, ladies and gentleman. I am not a man of fancy words. What I have to say here I will say in a very simple way. My name, as Lorraine said, is José Soares and I am an injured worker. I come here today to do my best to help to win the battle against injustice, the same injustice which is done to injured workers every day of the year.

I would like at the start to say a few words about rehabilitation. As you know, now only the WCB decides who gets rehabilitation services. This is not justice. This is not fair. This is very bad for injured workers. Injured workers who cannot return to their jobs because of the disabilities want to see a law to ensure that they get rehabilitation from the WCB. We do believe that every injured worker should have the right to rehabilitation.

Also I would like to say something about another great injustice which is done to injured workers. I would like to talk about mandatory rehiring. I would say to you, let us force the government to bring in a law which would give us back our jobs and our dignity. As you know right now there is no law which can prevent us from getting fired—yes, gentlemen, fired—after an accident at work.

This happened to me. I myself gave 12 years of my life working for this company. I was not kill. I did not steal. I did not create any kind of problems while there. I, for 12 years, always gave the best of my ability to this company. After all that time and good honest service, I was fired. Yes, I was fired because I had the bad luck of having an accident while working there. This is not justice. This is not fair. This is not human.

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But this did not happen with me only. This happens with thousands and thousands of injured workers every day, every year. We have to fight for justice for the injured workers. Look how many there are here today.

We ask this government to make mandatory rehiring a law in this province. We ask the government to look at our side and our needs because only the government has the power to make all these companies open their doors to injured workers, give them a job which they can be able to do and, most important, give injured workers their self-respect and dignity which they deserve so much.

Inside of my heart I have a good feeling that in the near future this government will see the light of justice and make mandatory rehiring a law.



great province. We, the injured workers and families, beg you just to do that. God bless it. Thank you very much.

**Mrs. Smith:** Thank you very much, José. Marion Howlett wants to talk a little about board doctors.

**Ms. Howlett:** This is one area where we would be happy to see cutbacks at the compensation board. This is the only area. We feel ideologically that board doctors should be eliminated from the staff of the compensation board, and I would like to outline the reasons for this.

The WCB continues to ignore past standing committee recommendations concerning board doctors. None of the recommendations made over the last two years have been implemented. It is as a reminder I have listed them at the end of my submission here.

Board doctors continue to exert unacceptable influence in determining the fate of injured workers. Board hearings officers and claims adjudicators continue to rely too heavily on the opinion of board doctors in reaching a decision, despite sufficient supportive medical evidence on file from the injured workers' own treating doctors. In our submission last year we noted some change in the weight given to board doctors' opinions as a result of the Workers' Compensation Appeals Tribunal decisions. We observed that while this had influenced some decisions at board level, these decisions were still few and far between. Over the past year, however, the impact of the WCAT seems to be waning. The board is now ignoring or outright challenging decisions through section 86n of the act in a bold and unfettered manner.

With regard to the role of the board doctors in determining pension disability levels, they now enjoy a virtual monopoly. Appeals tribunal decision 915 gave its blessing to methods used by board doctors under the meat chart rating schedule.

This has had and will continue to have a devastating effect on any attempt by injured workers to appeal pension levels. Workers may be granted the right to a reassessment by the hearings officer or the WCAT panel only to be sent back to the board to be re-examined by the same board doctors for a final determination. This seriously calls into question any independent appeal process. There should be immediate legislative review of this situation as there is an erosion of the appeal process.

A second concern regarding board doctors and pension assessments is the trend we see towards a back in the awards given, the level of those

awards and reassessments. The average pension granted has decreased from 15 per cent in 1981 to 12 per cent in 1986. Despite this, the Peat Marwick cost study report targeted the increased propensity to award pensions and a trend of increasing awards through reassessments as areas of major cost increases, along with pension supplements, rehabilitation and temporary benefits. With the virtual monopoly given to board doctors now buttressed by the Workers' Compensation Appeals Tribunal, such cutbacks will be easy for the board to implement without even having to initiate any policy changes.

The disabilities of injured workers are real medical findings—disabilities which injured workers painfully experience day to day. Pension awards must not be determined by economic or political agendas, but should reflect a just award to reflect the true nature of the disabilities. We feel the only way to truly achieve this goal would be to abolish the use of internal board doctors.

At the end of my submission, I have reiterated our recommendations. There are 16 from last year and we have added the additional one concerning the erosion of the appeal process. There are also eight outstanding recommendations concerning board doctors from the standing committee in the last two years.

I would also point to page 49 of the brief which deals with further outstanding issues from our brief of last year, which have also not been implemented regarding other issues, such as survivors' benefits.

**Mrs. Smith:** Marion Endicott wants to ask you one question and the question is, "Why resurrect Mr. Weiler's pension law system?"

**Ms. Endicott:** Usually, we come to you with the misdeeds of the board over the past and we feel that the question of Weiler being resurrected, although it is ahead of us, is so urgent that we have to speak to you on it today.

Those of you who were members of the provincial parliament in 1983 or who were following the developments at that time will remember that there was a huge storm of opposition from injured workers and trade unionists to stop, as we call it, the Weiler pension-loss system. Because of that, it was dropped. But we understand that the government is planning to reintroduce it at the end of this month. We would like to take this opportunity to let you know that injured workers simply will not abide by having Weiler reintroduced.

We would also like you to know that we think the board would be well advised to stay away from it. It proposes to create an administrative

nightmare. We do not think it will serve the interests of anyone in the end.

I do not have much time, but I would like to quote one thing from this paper, which is already in the materials that you have, that I think is useful. It is a quote from the commission of inquiry into the compensation board done by Mr. Justice Roach in 1950 and it comments on the past experience of the Workers' Compensation Board with an actual wage-loss system. It says:

"From 1915 to 1917, the experience of the board indicated that the actual wages received or the failure to earn any wages after the accident was not a satisfactory guide in determining the extent of the loss of earning power. The attitude of both the workman and the employer after the accident was a factor of considerable importance in determining the extent of loss. Some workmen were more anxious than others to become rehabilitated and overcome or minimize their handicap.

"It was suggested that some employers would re-employ the workman at a wage rate close to the rate prior to the accident for the specific purpose of cutting down the pension and then, some time after the board had fixed the amount of the pension, they would lay the workman off on some pretext. The workman might then find it difficult or impossible to find another job on account of his physical disability, and workmen who had not been re-employed by their former employer might have similar experiences. General economic conditions had much to do with the chances of the workman getting a job, and with his earnings if he did get one.

"If the partially handicapped workman has the courage, resolution and fortitude to overcome his disability to the point that his earning capacity is not, at least for the time being, adversely affected, thereby in my respectful opinion it would be neither economically or socially sound to take from him the benefits of his own successful efforts to rehabilitate himself. His own morale is a matter of importance not only to himself, but to all those with whom he associates, including his employer."

That was a sum-up of Ontario's past experience in administering the wage-loss system. I guess the only other point to make is that the Ontario government itself commissioned Professor Ison, who is considered to be Canada's foremost person in compensation matters, to do a critique of the proposed wage-loss system. Professor Ison simply condemned it in his report. In our submission to you today, we have a

number of excerpts from his remarks. Perhaps the most important one is this:

The previously mentioned problem with the system "...is not the only civil liberties issue. Other encroachments on civil liberties would also arise out of the actual loss of earning method. One is that the position of a worker including his medical condition, his work and work opportunities would be the subject of continuing investigation by the board. It would be almost like a sentence of perpetual probation.

Basically, this is the problem. The injured worker is never given independence, but is given a lifetime association with the compensation board, with his life continually scrutinized, with decisions being made all over the place as to whether something is related to his compensation injury or not. The amount of money he receives from the board fluctuates constantly with his ability for the injured worker to plan his financial resources in any kind of consistent or reliable way.

There is a lot to say on it, but due to shortage of time I will simply read out to you some recommendations. They are that the present government should not revive Weiler's pension loss system, that the WCB should use the present supplement legislation to provide ongoing wage loss supplements to injured workers and that mandatory rehiring legislation should be introduced as soon as possible.

**Mrs. Smith:** We have one more speaker. Hon. John McKinnon, who is a lawyer with Kensington-Bellwoods Legal Clinic. He is going to speak to you about the WCAT and the office of the worker adviser.

**Mr. McKinnon:** First, I will just draw your attention to a couple of the points that we mention on the office of the worker adviser. I know I have seen figures indicating they have got more than 3,000 cases on their waiting list. There has been criticism directed towards that office that they are ineffective or inefficient. It is our position that is not the problem at all.

If you look at the number of injured workers who have been contacting that office, the figures I have for the last fiscal year of the worker adviser office is that there have been more than 15,000 injured workers making contact there. These are generally people who cannot get help elsewhere. The legal clinics are often booked up. The MPPs are often overtaxed already. These are injured workers who need assistance and cannot get it.

When you look at the resources available, I think there are 44 workers' advisers in



vince to deal with these 15,000 injured workers who need help. You cannot blame the workers' adviser office for not being effective with those resources. It is like giving injured workers a spoon to move a mountain.

If there are any grounds for criticism of the workers' adviser office, it is our position that they are really structural. The workers' adviser office is not independent of the Ministry of Labour. It has the same boss as the Workers' Compensation Board. It is hamstrung by political concerns because of its connections with the ministry that is responsible for administering the workers' Compensation Board.

The first step that is necessary to address this concern to have an independent workers' adviser office is that it be set up with an independent community-based board of directors that includes people who are representative of injured workers' interests.

Also, we are concerned that the workers' advisers office ought to be free to inform the injured workers that it deals with events and developments in workers' compensation. It is a fact, for example, that workers' advisers were criticized for attempting to publicize Injured Workers Day last year. It is a fact that workers' advisers have been criticized for their zealous opposition to the board's use of section 86n in viewing chronic pain claims. The fact is that they do not have the mandate to make contact with their injured worker clients about very important policy and procedural changes that directly affect them.

I do not believe the office of the worker adviser is permitted to tell its clients about this presentation here today. Injured workers have to have a right to know of the issues and events that affect their lives. In order to set up a system where they can have that form of representation, there has to be some independent body with a community-based board of directors and members representative of injured workers running the office of the worker adviser. It ought to have a statutory mandate to inform injured workers of community events and developments in workers' compensation that can affect their futures.

I would also like to draw your attention to my concerns—

**Mr. Wildman:** Can I ask just a short question? Is it not the case that the office of the employer adviser can give that advice to its clients?

**Mr. McKinnon:** It is my understanding that the employer adviser is actively lobbying with employer groups and raising those issues. This is

what I am told by other people. It is my understanding that the workers' adviser office has been criticized for doing similar things.

On the Workers' Compensation Appeals Tribunal, in a nutshell, our concern is that in many respects the tribunal appears to be hamstrung by concerns for administrative issues at the Worker's Compensation Board, and these are concerns that are often raised by employers who are fighting claims by injured workers. The increasing deference that is being shown at the appeals tribunal towards the WCB is symptomatic of a bias towards employers that is creeping into the system. If the credibility of the appeal process is to be maintained, it is necessary to take some steps to reverse this trend and ensure the independence of the tribunal. Our concern is that we may have a bit of a lemon here, something that looked great on the drawing board and in the showroom, but now that we are out on the road the appeals tribunal might not necessarily take us where it is supposed to take us.

There are some specific problems that we have mentioned in our brief. The first one is the problem with the pensions test case. We waited more than a year for the leading case on pension assessment, and it leads nowhere. To give you some idea of the about-face that the appeals tribunal has made just in that one case, back in December 1985, when it was working out the preliminaries of the pensions test case, it asked the question, "Does the appeals tribunal have open to it the option of a reassessment by board doctors?" Its answer was, "Presumably not."

When you look at the bottom line of decision 915, the leading case on pensions, one sentence says it all. In the decision, they decided, "In short, it is apparent that only another member of the staff of medical examiners in the board's impairment rating section is equipped to give an opinion as to the correctness of a particular pension assessment." It is a complete about-face.

The answer to injured workers who appeal their pension levels to the WCAT is to send them back to WCB doctors to have them rated again by using the same groundless rating schedule. That was another discovery about the appeals tribunal in decision 915. There was no scientific or empirical basis for the board's rating schedule. The general theme of decisions is that, faced with two possible interpretations of the act the appeals tribunal seems to be choosing the one that is designed to appease the WCB.

Another problem that we raise is with the retroactivity of benefits. We waited another year after the decision in 915 for the final part of the



decision that deals with the entitlement to benefits for a compensable chronic pain condition, but in the end the appeals tribunal accepted the employer's concern. To protect the WCB, and hence the employers' rates, there must be an arbitrary compensation date, before which there is no compensation for certain compensable disabilities. This is a purely political choice, which we see as serving to protect powerful economic interests of employer groups. It is not a relevant or a valid basis to deny compensation for a compensable condition.

If a court refused to award compensation for some type of an injury because of the potential that similar claims would hurt the insurance industry, there would be a huge outcry. The same thing ought to be happening here with the appeals tribunal. The crowning irony of it all is that we understand that there was a recent decision by the corporate board at the WCB to consider reviewing decision 915 under section 86n. So, despite all its efforts to appease the board, it seems to be subject to review by the board itself.

Another concern that we mentioned was the problem of legalistic procedures at the appeals tribunal, because in many respects the appeals tribunal has begun to resemble a court of law. There is a written request for leave to appeal, written case description, rules limiting changes and additions to the case description, rules limiting postponements and rules limiting the presentation of new evidence at the hearing.

The whole procedure intimidates people who do not have any legal training. The tribunal is becoming a forum where lawyers feel comfortable and other people do not. It is not hard to see who benefits from a system where access to the appeals tribunal is perceived to depend on having access to legal counsel. Injured workers, by definition, are economically disadvantaged and do not have the resources to get legal counsel. We think the rule-making authority of the tribunal should be subject to a concern to accommodate appellants who do not have legal representation.

#### 1700

Another problem that we mentioned in our brief is the problem of appeals from the old appeal board. The WCAT was created in order to solve a serious problem. The problem was that the process of appeals of the Workers' Compensation Board's old appeal board was no good. The appeal board commissioners who decided the cases were not independent of the WCB. They were showing a superficial appreciation of the issues and a virtually complete reliance on the

policy and decisions made at the WCB. Yet the appeals tribunal is not anxious to hear the appeals of those injured workers whose appeals have been disposed of by the old appeal board. Although the appeals tribunal can allow an appeal to proceed if there is good reason to doubt the correctness of the appeal board decision, the appeal tribunal has chosen to take a very narrow and legalistic interpretation of the right of appeal.

It is our position that, from a commonsense point of view, if the appeal was decided by a board that is not independent of the WCB, and an independent body like the appeals tribunal might have reached a different decision, then there is good reason to doubt the correctness of the old appeal board decision. But the WCAT position is the opposite. The WCAT takes the position that it is not enough that the WCAT might have decided the case differently. Its position is that the tribunal cannot review the evidence to determine whether it might arrive at a different conclusion. This offends commonsense and it offends injured workers.

Again, who benefits from administrative convenience that limits the number of appeals allowed? It is like the arbitrary limits on retroactive benefits in the pensions test case. It is an example of the tribunal's tendency to favor the protection of an employer's economic interests at the cost of failing to correct past injustices by the WCB against injured workers.

We have asked that section 86o, the leave to appeal section, be amended to ensure that every injured worker whose case would have been decided differently by the tribunal has the right to an appeal to the tribunal.

There is another problem dealing with employers' access to files. Section 77 of the act purports to recognize the worker's interests and the confidentiality of the documents on file. If a worker objects to documents being released to the employer, he can appeal it. In fact, there is almost no respect for injured worker's confidentiality. The WCAT, to a large extent, is serving as an apologist for the board's decision to release documents. The act does not give the WCAT the power to specify any reasonable or appropriate limits on information that it decides to release to employers. The act does not give the WCAT the authority to enforce any orders that it might wish to make about release of information. It is a powerless body in those cases.

I also wanted to mention briefly section 21 of the Workers' Compensation Act, which is a section that allows an employer to send an injured worker to a physician who is selected

d for by the employer. If the worker disagrees, has the right of appeal to the WCAT. In our omission, first of all this section is an enormous waste of time. The elimination of section 21 and the employer-paid-for medical assessment will help to cut down overload and delays at the board and at the WCAT.

Second, it is an unnecessary provision. There are ample mechanisms in place for the decision-makers to get all of the medical information they need without introducing an employer-paid-for medical assessment.

Third, it is a serious infringement on the privacy and dignity of injured workers. When it is not necessary to get the information to the decision-makers, it should be left behind.

Fourth, it is alien to the philosophy of a no-fault and nonadversarial compensation system that is already becoming too adversarial. It is improper and out of place to introduce employer-paid-for medical examinations. We have recommended that section 21 be repealed.

The last point I want to deal with is the problem with the section 86n reviews. Section 86n of the Workers' Compensation Act allows the WCB to interfere with an injured worker's appeal to the appeals tribunal. After an injured worker has appealed his case at the highest tribunal and won it, the board can review the decision and send it back to the WCAT. It makes mockery of anyone's sense of justice to see that an injured worker can win an appeal at the highest level and the WCB can just say no.

Apparently the WCB has only to declare that an issue of general law and policy is involved and can stop the payment of benefits. It can send the case back to the WCAT without even holding a hearing.

The whole procedure under section 86n, in our opinion, is a quagmire. It says that when there is an issue or a question of general law and policy involved—well, what is a question of general law and policy? The WCB can develop a policy on anything it wants to, even the number of bathrooms in the Workers' Compensation board office. That does not necessarily make it an issue they can use to stop the payment of benefits to an injured worker.

When should hearings be held? The WCB decides it does not even need to hear injured workers. I am involved with a group of 14 injured workers who have won compensation for disabling chronic-pain conditions at the WCAT and the WCB has decided to review these decisions and to stop their benefits. There has not been a

single hearing held yet for the 14 injured workers.

Who has the final say in all of this process? The WCB thinks it has and it wants the Workers' Compensation Act amended to make that clear. The WCAT does not necessarily agree. The fact is that if the WCB has the power to order changes in appeals tribunal decisions, then the whole appeal process is frivolous. The fact is that now section 86n is being used by the WCB in a power struggle with the appeals tribunal. Injured workers are being sacrificed as an excuse for the WCB to use section 86n on its favourite issues.

Even if the board and the appeals tribunal have to have their political power struggle, it is certainly not necessary in all of this to sacrifice the appeals of injured workers like pawns in the fight. It is our recommendation that you abolish section 86n because it undermines the independence of the WCAT, defeats the purpose of an appeal system and produces results that are offensive to common sense and to common justice.

**Mrs. Smith:** I will take about three minutes more to wrap up and that is it.

We have talked about the reorganization of client services and how it has clogged up the decision-making process and undercut the role of the rehabilitation counsellor. We have talked about the WCB policymaking process and how it is essential that injured workers and their representatives be informed about the agenda for policy change and have some input into that process.

We have talked once again about the excessive and unnecessary reliance on board staff doctors and how their role can be reduced and even eliminated to produce a fairer decision-making process. You have heard us talking about the new policies and the new board and how we feel they are really nice wrappings for empty packages. As far as we can tell, they seem to indicate cutbacks. I wish we were wrong but we do this every day. They seem to indicate cutbacks rather than improvements for injured workers.

We have talked about Mr. Weiler's pension reform and how it is really a pension-loss system and needs to be rejected once again. Injured workers hurt 24 hours a day. Mr. Weiler's wage-loss system indicates that they hurt eight hours a day. They only would be compensated for their loss of wages and be constantly tied to the board with endless bureaucratic tangles. Their permanent pensions would end at 65.

You have heard us talking about the Workers' Compensation Appeals Tribunal and how its



independence is being destroyed by the WCB and its use of section 86n, and how we are seeing a thinly veiled employer bias in many other decisions. You have heard us talk about the office of the worker adviser and how the waiting list problem is really not a problem with it; it is a problem with the WCB system. The office of the worker adviser is hamstrung by its lack of independence from the same ministry that administers the Workers' Compensation Board.

You may ask us, and we hope you would ask us, at least some of you, "What can we as MPPs, as legislators, do about all this?" All these areas require some sort of legislative action or your direction, but we are asking you to do two important things first. In my introduction, I spoke about our fears that rehabilitation and reinstatement rights would be brought in as a package, a lump of sugar, the sweetener with this Weiler pension-loss system that was once opposed in 1983 for very good reasons.

Regarding this pension-loss proposal, Liberal MPPs rejected it in 1983. The Association of Injured Workers' Groups rejected it in 1983. The New Democratic party rejected it in 1983. Thousands and thousands, some say 3,000, some say 5,000 injured workers came to Queen's Park in 1983 and told the Legislature they did not want this system. There must be some good reason why this system is not a good one if that many people were opposed to it. The Conservatives withdrew Mr. Weiler's proposed "pension loss," which we call it, the wage-loss system, in 1983 because of all this opposition.

**1710**

I have here before me two documents. One is Professor Weiler's latest, *Permanent Partial Disability: Alternative Models for Compensation*, a report submitted to William Wrye, Minister of Labour, in December 1986. It is basically the same system. It is a bit reworked. It is a bit rehashed. We are asking you to do one thing: drop it again, please.

The positive thing we are asking you to do is to read this report if you have not already. I am sure most of you have at least read parts of it. It is an incredibly moving, profoundly thorough report. I might add that the people who were on this task force were from all political stripes and from all walks of life. It is not a partisan document. What they were recommending were many, many recommendations. What we are asking you to do is—there are 21 recommendations here requiring ministerial action or government legislation—we are asking you to do one thing: concentrate on this.

These people need their dignity back, and they need their dignity back by getting back into the workforce. They are asking you to do one thing: legislate mandatory rehiring, reinstatement rights, whatever you want to call it. Please find a way to get them meaningful work. These people with permanent disabilities who cannot find it on their own, please get them back into the workplace. Legislate it.

I would like to say one more thing before we close.

[Interruption]

Excuse me. One word for injured workers. We have two more injured workers' groups that are scheduled to speak here today. We have Steve Mantis who has travelled all the way from Thunder Bay to speak on behalf of all the injured workers from the north of the province. It would be wonderful if many of you could stay and listen to his presentation as well. After that, there are people speaking from the southwest of Ontario and southern Ontario. Please, if you can, stay and support them as well.

**Mr. Chairman:** Thank you, Lorraine, and your group very much. You have done us service with the thoroughness of your brief. Needless to say, you have done injured workers service in the way you have presented your brief as well.

We very much hope that out of these hearings will come some useful recommendations. None of us live in a dream world. We know the reality of affecting changes to the Workers' Compensation Act, but on the other hand that does not mean we do not keep trying.

You are quite right. We anticipate a new act at least amendments to the Workers' Compensation Act very shortly. We have not seen a bill yet. None of us have because it has not yet been introduced into the Legislature for first reading. If it is introduced in this spring session, then it is also likely it would be referred to this committee for public hearings and for clause-by-clause debate.

If that happens you can be assured that we know where to find you and that you and other organizations would be asked to help consider those amendments. Thank you very much.

**Mrs. Smith:** You would be having public hearings then?

**Mr. Chairman:** Yes.

The next group is from northern Ontario. They have Steve Mantis and George Caissie from Thunder Bay and District Injured Workers.



Support Group. Gentlemen, welcome to the committee. I do not know who is the main spokesperson; but whoever it is, would you go ahead and introduce the other?

#### NORTHERN ONTARIO INJURED WORKERS

**Mr. Mantis:** Yes. My name is Steve Mantis and this is George Caissie, the president of our group, the Thunder Bay and District Injured Workers Support Group.

I feel really put on the spot here. I think I have 9 minutes to try to describe the concerns we have in northern Ontario and it is impossible. I feel really bad that I am cutting off people who are telling you the way it really is because that is the way it really is. People are out there living on \$50, \$200, \$300 a month. I really do not think that is what you want. I hope you read the presentation. I was planning to read it, but there was not the time right now.

I see some real problems here and I do not really understand what is going on. I read the act. I read section 45 that deals with permanent pensions. It says to me: "A person has a permanent pension. They get rated for that pension and get an appropriate amount of money."

That is a really controversial schedule, what they call the "meat chart". We have a lot of problems with it up north. Oftentimes, you will have a person who is rated with a 10 per cent or a 15 per cent disability. A person has been working in resource extraction. That is what we do in the north, logging and mining. That person has been making \$35,000 a year. They have had a 10 per cent or 15 per cent pension. They get \$300 a month.

They cannot go back to work. There is no way that guy with the bad back can go back out there cutting trees again. What is he going to do? He has been working there for 20 or 25 years. What is he going to do now? Retire on his \$300 a month. That is justice?

20

I notice that the legislators included subsection (5). It sounds to me like you are saying: "OK, we recognize this. There is a problem in some cases. The supplement was created to try to help those people through those hard times."

What has happened with it? The Workers' Compensation Board has reinterpreted the law, which is that section, that act that you passed and said, "We are only going to give benefits under that section now if a person is involved in a rehabilitation program." The act does not say

that. Where are they getting their interpretation? Why does the Minister of Labour turn around and say: "It is up to them to interpret it. It is not up to us." You people passed the law. It seems to me that it is up to you to make your intent known.

Included in this submission is just a minor change in that subsection 45(5) which would include that the supplements should be paid "where the impairment of earning capacity of the worker is significantly greater than is usual for the nature and degree of the injury, the board shall...." Right now it says "the board may supplement the amount awarded for permanent partial disability for such period as is necessary unless...." Then there is the rest of the act.

I think you could send a very clear message to the board of what your intent is. I believe that is what the intent is. I believe you are not trying to ignore the problems of injured workers. I guess I am a bit naïve. I mean I figure we have this government of Ontario and these are the ones who are kind of running the show. What is going on? Let me ask you: how can the board interpret this section as it likes? Do you guys not make the rules?

I am getting upset here; I am sorry. Once again, we feel that rehabilitation is the main problem right now with the compensation board. I mean it is just as you see here. In Thunder Bay, we have done a survey of our workers. We did not have anyone standing up front whom they were trying to impress, yet 90 per cent of the people want to go back to work.

What we need are two things. We need proper rehabilitation and we need encouragement from the government of Ontario. I mean everyone, not only government but injured workers, certainly employers; everyone has to take this to heart.

There is a real waste of human beings, people who are out there living on welfare, social assistance, subsidized housing, Canada pension plan, all these expenses that the WCB should be responsible for but is not. They are being spread over the other social programs. We have a problem here that is bigger than the WCB. I think it is going to take all our efforts to try to change it, to show people that injured workers can be productive. We know we can. We are just waiting for the opportunity to show everybody else.

Once again, in terms of legislation here we think that rehabilitation should be enshrined in legislation. We suggest that the recommendation on page 2 from the task force on vocational rehabilitation be incorporated in perhaps a preamble or whatever in section 54: "That any

worker who sustains a serious injury or a debilitating disease linked to the workplace shall have the statutory right to all rehabilitation required by that worker. Rehabilitation shall be defined as 'To assist workers who have suffered occupational injuries or debilitating diseases linked to the workplace in the process of restoration to the fullest physical, mental, social, vocational and economic independence to the maximum possible extent.'"

I think, once again, that would send a clear message to the WCB that you are serious, that you do not want this waste to go on any more. These people can be back being productive members, paying taxes, being a part of their community again, rather than a lot of people I know who feel like they are thrown out on the garbage heap.

It is kind of hard, when representing injured workers, not to develop an attitude towards the WCB. I have to keep on reminding myself that really we only see probably 10 per cent of the people who go through the system. For those people who are hurt and back to work right away again, the board does the job it was set up to do.

We also see some opening up at the board. They are trying to communicate more. I think a real problem has been the adversarial role between injured workers and the WCB. I just got a taste of it today. I was standing out front, dressed up in my suit and everybody looked at me. I thought, "Jeez, they must think I'm from the board." I started getting paranoid. I thought, "Jeez, am I going to get out of here safely, or what?"

That creates a real problem. I think we need more openness on all sides to try to work out these problems because that is how they are going to be worked out, if we stop and listen to each other. We are always saying that we want the board to listen to us, and we do; but I am willing to listen to them, I am very willing to enter into discussions without all kinds of recriminations.

We are the people who live with this problem 24 hours a day, 365 days a year. No one seems to be interested in what our view is. I think we could play a very positive role in trying to get justice for injured workers. Maybe I will just close on that point and let our president say a few words.

**Mr. Caissie:** On May 13, 14 and 15 we held a conference in Thunder Bay with injured workers' groups throughout the province. We would like to pass on to you the recommendations that we came up with:

"1. That the government adopt a policy of mandatory affirmative action for the re-employment of injured workers."

I will jump down to number 6. This was from the Fort Frances group. They were going to have a representative come but unfortunately the fellow was not able to make it, so I came down to his place.

"6. That the Fort Frances petition be endorsed. It reads: 'We, the undersigned voters and workers from Ontario do hereby petition the government of Ontario to ensure that the office of the worker adviser in Thunder Bay remains open and fully funded by the Ministry of Labour to ensure that the problems with the Workers' Compensation Board are handled in an efficient and equitable manner.'"

**Mrs. Marland:** Excuse me, is there some question of its being closed?

**Mr. Caissie:** No, the thing up there is that there are three worker advisers in Thunder Bay for the whole district.

**Mr. Mantis:** And one position is being cut.

**Mr. Caissie:** One guy is going.

**Mr. Mantis:** Just cut.

1730

**Mr. Caissie:** From Thunder Bay to Fort Frances I believe is about 300 miles or something like that.

"10. That section 54 of the Workers' Compensation Act be reworked to include the right to full rehabilitation for all injured workers including economic, social, medical, vocational and emotional."

To add to that, from our understanding—Steve travelled in Europe last year, in Germany—if you do not take an injured worker back in the workforce over there you pay a 40 per cent surtax, the companies do. So they have four that it is to their benefit to retrain the injured worker in Europe and in the Scandinavian countries, in New Zealand, Australia and a few other places.

**Interjection:** Yes, but this is Ontario.

**Mr. Caissie:** Maybe we can learn by what they are trying there. It seems to be working.

"13. That we push the WCB to provide more 'seats' at community colleges for the upgrading of injured workers and enlist the support of the colleges to this end."

I would like to say a few things about that because presently I am at Confederation College in Thunder Bay myself, taking an upgrading course. In the college I believe there are, I maybe 200,000 people, let's say for the whole



thern area, about 10 people in the college. These are all the people on the rehabilitation program right now.

Out of those 10 people, there are seven or eight of them who are from out of town. They get \$70 a week for room and board, as they leave their families in Terrace Bay, Schreiber, Fort Frances and Dryden. They have to go to Thunder Bay and live on \$70 a week. That is room and board while they are going to school. It is not hard enough that you have to put your mind to what you are learning, but you have to starve while you are learning it. This is effective rehabilitation in the north.

15. That we endorse the concept of universal disability insurance and encourage the standing committee on resources development to study the issue with an understanding that research into specifics is required.

17. That we lobby the WCB for realistic attendant's allowance for the 100 per cent permanently disabled injured worker to reflect actual costs."

In Thunder Bay we had a woman on right after conference. Her husband is 100 per cent disabled. She was looking after him. The guy did not want to go to a hospital and be taken care of by an invalid in hospital. He is paralysed from neck down.

One of the jobs that she had to do was she had to quit her job, first of all, and look after her husband. She needed a pair of gloves. I guess when the guy goes to the washroom, it creates such a mess that she needs these special rubber gloves to look after it, to clean up the mess.

The board told her: "We give you five pairs a week. What are you doing with them?" It is a big thing. So she wrote a letter, 19 pages or so, to Dr. Comi. In response four workers were sent from the WCB to Thunder Bay, rented two rental cars and drove to the house to check over the situation.

The woman just could not believe it—all over a pair of rubber gloves.

19. That we lobby to expand the office of the worker adviser and clinics to meet the needs of the injured worker.

20. That it be a primary goal to establish a resource centre for injured workers in northwestern Ontario based in Thunder Bay."

I would like to add a little bit to this. We, the injured workers in Thunder Bay and the Thunder Bay district, think that given the chance we might do the job pretty well just by ourselves. We can get some of our own people back to work if we have a centre.

There are ways that we could create small work on different things if we had a chance. We are not getting that chance from the WCB so we are asking the committee to have a look at that.

I guess I will not take up any more time because I think there is another group coming in behind me and everyone else seems to have said it all.

**Mr. Chairman:** OK, George and Steve; thank you very much for coming down from the north and making your presentation to us. I know some of the work that you people do in Thunder Bay. You are certainly to be commended for it. Thank you very much.

The next group is the southern Ontario injured workers, along with the southwestern Ontario injured workers' group. So if they would come up here, we could hear from them.

Just while these people are getting settled if, as I indicated earlier, the amendments do come before the committee, we will try very, very hard to make sure that the injured workers' groups get a lot more time before the committee and that there will not be restrictions on the time at all. That is important.

Mr. Slinger, are you going to kick things off for us, so to speak?

**Mr. Slinger:** First of all, Mr. Comi is with the Welland injured workers' group and we have agreed to share our time with him. In fact, I am familiar with that group. It is a very active and strong group. We are going to let Mr. Comi go first. Just to allay your fears, only two of the four of us will be speaking, so we will endeavour to do it very quickly.

## WELLAND DISTRICT INJURED WORKERS ASSOCIATION

**Mr. Comi:** The submission I have made is not very large. Our organization was organized by injured workers in the Niagara Peninsula who were experiencing problems with the Workers' Compensation Board.

In the eyes of the injured workers the WCB system has developed into a massive self-serving, employer-based bureaucracy that is arrogant, unresponsive and literally continuously pushing injured workers into prolonged periods of depression, financial ruin, demeaning lifestyle and family breakup due to extreme stress. Furthermore, an all-too-frequent injustice is the gradual transfer of these persons and families from the corporate-funded WCB system on to the welfare rolls of the community.

Although the Welland District Injured Workers Association was organized primarily to lobby



for reform of the WCB system, we have become increasingly aware of the individual problems of not only injured workers but also all vulnerable adults who are experiencing even greater and more complex problems, falling through the cracks of an unresponsive system.

It is time for Canada as a whole and Ontario specifically to become civilized and raise itself to the level of the Scandinavian countries, north-west European countries, Japan, Australia and New Zealand by providing universal accident insurance coverage for all our citizens. A good place to start would be to revamp the workers' compensation system and expand from there. To this end we submit the following proposals:

1. Mandatory rehiring of workers on either a full- or part-time basis according to their capabilities.

2. Rehabilitation services should immediately intervene with a program designed specifically to suit the needs of the individual injured workers.

3. Full compensation is to continue as long as a disability lasts and/or rehabilitation successfully places the injured worker in a suitable job. Suitable job definition requires that the injured worker be maintained at the same income level in a job which he is capable of performing.

#### 1740

4. Time limits must be placed on all correspondence and all decisions. In those cases which exceed a time limit of one month, the board must assume responsibility for the injured worker and his or her family's living expenses until a decision is reached.

5. The meat chart must be abolished.

6. All medical decisions are to be based on reports by the injured worker's own doctors, who are familiar with the case.

7. Board doctors must be held accountable for their medical opinions and decisions. Furthermore, they must be available to defend said action at Workers' Compensation Board and Workers' Compensation Appeals Tribunal hearings.

8. Drop the Weiler report recommendations, which are unfair policies, detrimental to the wellbeing of injured workers.

9. Implement the Minna-Majesky report findings and philosophy that an injury to one is an injury to all.

10. No arbitrary interpretation of section 86n of the act by the board of directors. Decisions of WCAT, an independent body, must be final.

11. The board's most recent reinterpretation of subsection 45(5) and new policy on supplements must cease. There should be no time limits on

benefits paid. Injured workers must remain at the same income level indefinitely until equivalent employment is found.

12. High schools should carry at least or compulsory credit course on accident prevention and workers' rights and responsibilities in the workplace, outlining how to handle a situation in case of accident or injury and what recourse is available to them. This must be a required entry-level high school course for all students in all programs.

13. In those cases where travel is an undue hardship for the injured worker, the board assessment will be carried out at the suitable board, rehabilitation or medical facility nearest to the injured worker's place of residence.

14. The Ministry of Labour must review the case load of the offices of the worker advisors annually to identify and geographically define those areas which require additional offices in order to comply with the necessary time limitations for expedient administration of the act.

All we ask for is justice for injured workers. Thank you.

#### SOUTHERN ONTARIO INJURED WORKERS

**Mr. Slinger:** Let me introduce the group from the southwest. First of all, we are here representatives of legal clinics in the southwest of the province. There are 15 clinics in the southwest. All of the people here have represented injured workers extensively over the last several years. On my far left is Peter Peterson the Sarnia legal clinic. To his right is Debra Kahler of the St. Catharines legal clinic. To my immediate left is David Craig of the Halton Hills legal clinic. I am John Slinger from McQuest Legal and Community Services in Hamilton.

David Craig will speak first, but let me just indicate that we certainly support everything that was said here. We know the time is short, but we are satisfied that all of this has to be said. There is certainly no concern on our part about the difficulty of getting in at the end because, as I say, I think the things that have been said had to be said.

We are, however, going to concentrate on our remarks on section 86n, because it is a section that I feel has enormous implications and is probably the major problem facing workers right now. I think the permanent disability, reinstatement and rehab issues are going to be focused on in future hearings, with draft legislation coming out in a month. Again, we will be confining our remarks to section 86n. I will turn it over to David Craig.

**Mr. Craig:** I have handed out, and you have in your possession, a brief submission on section 86n, which is essentially a legal brief. Can I assume that members of the committee are familiar with 86n?

**Mr. Chairman:** Yes. It has been raised a number of times.

**Mr. Craig:** I thought it might have been.

Our submissions constitute four points and they are listed in the introduction. First of all, we are submitting that the standing committee and the Legislature have to address the meaning of section 86n and have to clarify its meaning.

Second, in doing that, it is our further submission that it is relevant to consider what the meaning of section 86n presently is, even though it is unclear, to attempt to come to a correct interpretation of section 86n as it is presently drafted.

Third, our submission is that the correct interpretation is that even as presently drafted section 86n leaves the final say with the Workers' Compensation Appeals Tribunal.

Fourth, if it were otherwise, if the final say were left with the board, that would constitute a serious erosion of the sovereignty of the Legislature and of the power of the Legislature to enact workers' compensation legislation.

The reason this committee and the Legislature have to address section 86n is that I think it is a sound argument and accepted that it is an extremely poorly drafted section. Nobody knows what it means. It is ambiguous and leaves unsettled where the final say is in all of this.

That is unacceptable for two reasons: first, because it is fundamental to the act and to the whole scheme of workers' compensation. How can you have something which is pivotal, central to the whole system, and not know what it means?

Second, it affects thousands of injured workers and thousands of employers; it affects the board; and it affects the tribunal. Everybody who is involved is very much affected by not knowing what the outcome is going to be. Leaving it to the courts is not acceptable, I suggest, because it has already been three years. It will be several more years before a final resolution comes by way of the courts, and that will not necessarily express your intention as members of the Legislature.

I am suggesting that you, as a committee, have responsibility, unappetizing though it may be, to make on section 86n. I suggest a redrafting of that section so that we all know what it means. My submission is that, even as drafted, the correct legal interpretation is as follows:

Section 86n recognizes and accepts that the board possesses some expertise in understanding the social, legal and historical context of workers' compensation law. It has been there since the beginning and it has some understanding of the history of the act. That is relevant to an interpretation of the act, but the final interpretation of the act itself—that is, reading and interpreting the words of the act—remains, even under section 86n as it is now drafted, with the tribunal.

Our reasons for that are set out in the paper. We have analysed the meaning of the words "policy" and "general law," because our argument centres on that. Reading the cases, it is our submission that the word "policy" means the following: It means legislation is enacted in a certain social context. There are certain social conditions which give rise to legislation, and there is a scheme which is proposed to solve those conditions. Therefore, there is policy, that is the social objectives and the plan devised to remedy the problem, that is the policy which lies behind the act and that comes from a reading of various cases.

In our submission, the phrase "general law" means just what it sounds like. It refers to the broad legal context and it refers in part to the state of the law at the time the legislation was enacted. It means, as has been quoted in one case, simply the ordinary law of the land.

If you come to look at general law and policy under the act, one of the policies under the Workers' Compensation Act is to recognize that there are social evils in workers having to make civil claims under the law of negligence for accidents at work, and the policy is to remove compensation for workers from the civil system and create a no-fault insurance scheme instead. That is an example of policy.

An example of general law under the act would be the common law of negligence as it existed at the time the legislation was first enacted, the three common law defences available to employers in the history of employer liability acts that existed at the time the first workers' compensation legislation was brought in.

Given that, looking then at the role of the board and the role of the tribunal, as I have said, it is our submission that the scheme under section 86n is to recognize that the board possesses a certain expertise. It has administered the act since its inception. It is, at least arguably, familiar with the general social and legal context which existed at the time the legislation was brought in. Therefore, when it considers that a



decision of the tribunal has been made without a full understanding of that social and legal context, it has the power to make the tribunal aware of the board's understanding in view of that social and legal context and to ask the tribunal to reconsider in that light.

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Looking at the role of the tribunal, while it is certainly important that the policy and general law, that is the social and legal context, are relevant in interpreting the act, it is a fundamental principle of legal statutory interpretation that ultimately it is the words of the act which must prevail and the proper reading of the words and the sections of the act in the plain and ordinary sense in which they are written.

We have pointed out that there is a principle of interpretation called the presumption against tautology. How that is applied here is that it is assumed that every word in an act has a meaning. It is therefore assumed that when the legislation uses the phrase "general law" that the word "general" has some meaning.

If you ask yourself, "What is something different from general law?" the answer is specific law—specific law, in this case, being the Workers' Compensation Act. So the board has the power to look at the general law, which is the law surrounding the act, the law of the land. The contrary to that is that the tribunal has the ultimate authority to look at the specific act, that is to interpret the act itself.

That is the position the tribunal has always taken. I have quoted the tribunal from its first annual report. The tribunal has consistently taken the position that it does not look at policy of the board. It has nothing to guide it except the act itself and that is its function. Its function is to interpret the wording only of the Workers' Compensation Act.

We have pointed out also what we have come to call the chicken-and-egg argument. There is an interesting conundrum if you do not give the ultimate authority to the tribunal, because under section 86n the board's power to review comes into play only if there is a finding that a decision of the tribunal turns on an interpretation of the policy and general law of the act; the question then becomes, who decides whether it does turn on an interpretation of the policy and general law of the act?

It cannot be the board that determines that because that is not in itself a question of policy or general law. So it has to be the tribunal that determines whether its section 86n can be invoked in the first place.

It is not a logical legislative scheme to have jurisdiction to decide the issue originally with the tribunal, but then to believe that if they decide that it is a matter of policy and general law they give up that jurisdiction. It is a far more sensible interpretation to say that if on the threshold question jurisdiction lies with the tribunal, then they do not give up that jurisdiction once they have determined that section 86n applies.

Finally, we have suggested that the question is important in order for the Legislature to maintain the sovereignty of the Legislature. If the final say lies with the board under section 86n, in our view that would usurp the proper role of the Legislature and would erode the sovereignty of the Legislature because any enactment, either a new act or any amendments to the act which the Legislature would make, could be defeated by the board under the guise, under section 86n, of reviewing the amendments and interpreting them according to their understanding of policy and general law.

The speaker from the north who addressed me a few minutes ago made that point very well when he spoke about the reinterpretation of subsection 45(5). We have had one interpretation for 20 or 30 years of subsection 45(5). The wording has not changed, but suddenly the board has discovered that the previous interpretation was all wrong and a different interpretation is right. The previous speaker asked: "How can they get away with that? How can they interpret the act any way they like?" That is exactly the point. It is our submission that they will be able to do that if the final say lies with the board under section 86n.

Assuming that section 86n has to exist at all, and I am not sure it does, but if there is a role for review under section 86n, the way to solve it is to make sure and to clarify that section so that it is clear that the ultimate interpretation of the act itself remains with the tribunal, so that when you, as a Legislature, make amendments to the act, the ultimate interpretation of your intent lies with the tribunal.

**Mr. Chairman:** Anybody else?

**Mr. Slinger:** I have a few comments, mostly regarding the lack of reform agenda for the issue.

I can honestly say that when I was preparing my remarks a week ago I had intended to add entirely the question of permanent disability and specifically the government's record of inaction on that issue. The ground was taken from under me a little bit when I read in the Toronto Star last Friday that Mr. Sort



ounced on the steps of Queen's Park that a bill would be coming in at the end of June. I found out that he had announced that to this committee on May 25—not draft legislation in relation to 86n, but draft legislation in relation to permanent disability issue; I am sorry.

I think it is still worth reflecting a little bit on the history of action around the permanent disability issue. I then want to focus some comments on the implications that has for the rest of a current agenda for reforming 86n.

My paper that you have in front of you is entitled, "Does this Government Really Care about Injured Workers? The Record Speaks for Itself." It details the history of reform to the permanent disability issue.

We begin in 1980. Of course, the process probably began long before that, but there is a citation from Mr. Weiler, who indicated at that time that the scheme had totally lost any timeliness. What followed was a process that went through a white paper and hearings in this committee, which resulted in a recommendation in this committee.

It was interesting for me to note, in reviewing the history, the Liberal dissenting report on this issue back in 1983, when Jack Riddell, John Penney, and Bill Wrye indicated that a new system for compensating permanently disabled workers was needed not later than January 1, 1986.

Then a bill was introduced, which did not contain any changes to the permanent disability system, any reform to the meat-chart process. On June 3, I have quoted Russell Ramsay when he introduced this for second reading. He indicated that that issue was still under active consideration.

Mr. Wrye rose in the House to dispute the nature of the reforms and questioned whether or not they represented any reforms at all. He said:

The point is that after four years on what Weiler called the central ingredient of workers' compensation benefits, this minister and this government have the audacity to come to this House and to the injured workers of this province and say, 'We do not have a clue as to how to solve our problems; so we are going to have an active consideration.'

He went on to indicate that, in his opinion, sufficient study had already taken place and that reforms were necessary immediately. As we all know, Mr. Wrye, a year later, was Minister of Labour.

Mr. Wrye addressed this committee on October 1, 1985, and again criticized the Conserva-

tive government for what he described as "a vague and indefinite future review." He said he regarded reform in this area as a matter of some urgency and went on to conclude that he would be in a position to bring forward such legislative reforms at an early date.

I think injured workers, and certainly we as representatives, had our spirits somewhat buoyed by that; but it began to unravel in January 1986 when we requested a meeting with Mr. Wrye. At that time, the Villanucci case had commenced and the tribunal was reviewing the whole question of permanent disabilities. The board was engaged in an internal review of the meat chart.

## 1800

We met with Mr. Wrye and suggested it was time to take some leadership on this issue and reminded him of his earlier comments. He said to us that this was "a front-burner issue," although no specific timetable had been established for the reform process.

**Mr. Wildman:** It has boiled over.

**Mr. Slinger:** It has boiled over; that is right.

We then had another Weiler report. We had another standing committee hearing on March 10, 1987, when the minister was asked, I believe by Mr. McClellan, what role the Weiler report would play in the reform process and, to borrow a phrase, his response was vague and indefinite.

That led us then to the Villanucci decision, which said that the meat chart was just fine even though there was absolutely no factual basis to link its benchmark percentages to impairment of earning capacity. In other words, it did not mean anything, but it was legal. One would have thought that would have cried out for a more urgent need for reform.

Mr. Wrye was then replaced. The subsequent throne speech stated, and the most recent throne speech again restated, the commitment of this government to reforming permanent disabilities. Nothing more happened; and then, as I indicated, I read in the Toronto Star last Friday, and later found out that Mr. Sorbara had announced to this committee, that reform of the permanent disability system and other reforms would take place later this month or perhaps somewhat later than that.

I wish to conclude on that by simply saying it has been eight years since the initial Weiler report, four years since Bill Wrye's criticisms of the Conservative government for failing to bring in pension reforms under Bill 101 and two and a half years since Mr. Wrye told this committee

that he would be bringing in reform legislation shortly.

We finally have something on the table. I certainly will not get into the issue now; that is for a later debate. I can simply say I think the injured workers of this province deserve a far greater commitment to justice than they have been getting.

In light of what is clearly a litany of inaction, we are deeply concerned about the government's willingness to act decisively on the question of section 86n. We think that is a very serious problem. The urgency is clear. Chronic pain cases will soon be flooding to the tribunal; and after that they will be flooding back to the board on 86n reviews.

I would like to point out to this committee that section 86n was discussed last year. There were grave concerns expressed both by the presenters and by the members of this committee about the implications of 86n.

When Mr. Sorbara addressed this committee on May 25, he indicated that while he had serious concerns about it, he did not know what his position was. He also said there was no specific timetable for the reform process to go on with respect to 86n—again, vague and indefinite.

In light of what we have seen on permanent disabilities, we have tremendous concern with the lack of a reform timetable for the 86n issue. We urge this committee to request the immediate repeal of section 86n. We ask this government at what point does it become embarrassed by its record.

**Mr. Chairman:** Thank you very much. I particularly appreciated the way in which you made legal arguments that made sense to me, and I am sure to other members of the committee, because that is not always easy to do. I do appreciate that very much on 86n. I recall the debate last June in the committee on 86n. It still is nagging us. I do not know; we will see what comes of the committee's deliberations.

I should take this opportunity, on behalf of the committee, to thank you all. I know it was not easy for all of you to get down here in an afternoon. I assure you, you do give strength to your cause and to the people who are presenting your case before the committee by showing up in such large numbers. On behalf of the committee, I want to express my appreciation for the efforts you have made to come down here to show your concern.

We know better than to make big promises to injured workers that their problems will be resolved because they have made an appearance

before a standing committee. All I can say is that we will, I hope, be writing a short report and then dealing with the amendments to the legislation which, as I said earlier, we have not yet seen. I think when that day comes, we very much want injured workers' groups to have a major role before the committee.

Is there anything else that any members of the committee want to say before we adjourn?

**Mr. Wildman:** I would like to ask one question supplementary to the argument regarding section 86n. Basically, what you are saying is that section 86n or some form of review remains in the act, the board could conceivably be able to request a review and give reasons, but the review would be carried out and the final decision would be made by the Workers' Compensation Appeal Tribunal?

**Mr. Craig:** Yes. That is what we are saying. The legislation says now, because the tribunal

**Mr. Wildman:** You are just saying it should be made clear that that is what it means.

**Mr. Craig:** Yes. There is no certainty that it went into a court and had to be interpreted. That would be the result. We think that is the best legal argument on the reading of it, but it is by no means clear and should be made clear.

**Mr. Wildman:** Also, I want to say that during the discussion in the committee I specifically asked Mr. Sorbara if he believed that WC could make independent decisions as long as section 86n exists; and he said yes.

**Mr. Leone:** Mr. Chairman, you know I have been speaking in this committee every time I have been talking about workers' compensation and I have been saying that workers' compensation is the number one problem in the Italian community.

Today, I had a sad experience which moved me because I heard our workers—not Italians; everybody here—speaking of something which is their right and not begging here. A lady who cried moved me, and I had my own experience two weeks ago with a similar case. A woman with her arm paralysed. When I asked her what happened, she said she was on a 10 per cent pension and she started to cry.

I am a member of the government and I think we have to pledge to these people that we will work toward justice until justice is done.

I would like say a few words in Italian.  
Remarks in Italian]

**Mr. Chairman:** The committee will adjourn until Wednesday afternoon at about 1:30 in room 151 in the main parliament building.

ld just reiterate that those committee meet-  
are always open. While the rooms are not  
enough to hold this many people, injured

workers are always welcome to drop in.

The committee adjourned at 6:08 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Clerk:** Decker, Todd**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:****From the Toronto Workers' Compensation Board Caseworkers Group:**

Smith, Lorraine; Industrial Accident Victims Group of Ontario

Lipes, Ellen; Industrial Accident Victims Group of Ontario

Endicott, Marion; Injured Workers Consultants

Buonastella, Orlando, Translator

Howlett, Susan, Injured Workers Consultants

McKinnon, John, Lawyer, Kensington-Bellwoods Community Legal Clinic

**From the Union of Injured Workers:**

Cauchi, Eddy, Chairman; Asbestos Victims of Ontario

Soares, José

**From the Thunder Bay and District Injured Workers Support Group:**

Mantis, Steve

Caissie, George, President

**From the Welland District Injured Workers Association:**

Comi, Donald, President

**From the Southwest Legal Clinics:**

Slinger, John T., Lawyer, McQuesten Legal and Community Services

**From the Southwest Region Clinics' Association:**

Craig, David P.; Lawyer, Halton Hills Community Legal Clinic



No. R-13

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Wednesday, June 8, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, June 8, 1988

The committee met at 3:35 p.m. in room 151.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** The resources committee has charged with the task of examining the annual report of the Workers' Compensation Board. Today, we have appearing before us the Ontario Chiropractic Association. I would like the chiropractic spokespersons, Dr. Roberta Koch and Dr. David Chapman-Smith, to come to the front, and we can get into their presentation and have an exchange with them.

While they are doing that, just for the information of the members of the committee, the report on mining accidents is virtually complete and tomorrow we hope to have a copy distributed by the clerk to everybody's office. If we wait until the committee sitting, some members may not be here for the committee and the report. We will get copies of the report distributed to all members of the committee. As you all know, there is a time problem with getting it done, and we really want to get it tabled this session. I think everybody was in agreement that I do not think anything has been suggested that is at all fundamental, but every member should have a chance to go through it and read it.

When they get it tomorrow morning, is it distributable to the members that on Monday they would have had a chance to look at it? I do not think there are any tricks in it. There is nothing in it that is new. If that is acceptable, then we could start the process of getting it printed up properly from now forth. If there is a delay of a day or two, it is not the end of the world, but we are getting towards the end of the session and it would be nice to have the time to do that. Are there any problems with that?

**Ms. Collins:** On Monday we would actually have to rough it item by item again.

**Mr. Chairman:** No. On Monday we have the Council of Ontario Contractors Associations and the Canadian Union of Public Employees local 1000 appearing before the committee. It would be nice if you could have the committee members look at the report and see if there are any problems in it. If there are no problems in it, then we will just

proceed with the printing. If there are some real concerns in there, then let us know and we will put it on hold and not proceed immediately.

**Ms. Collins:** If there are problems we will have an opportunity to address them.

**Mr. Chairman:** Absolutely. It would be silly to do otherwise. If there are problems, we would set aside either Wednesday, which is when we have the Workers' Compensation Board before the committee, or Thursday. We were going to try to use Thursday for an organizational day to try to plan the schedule and see what we are going to do. For sure, if there are problems in it that take more than two minutes, then we will schedule a time to go through those. At this point it is a unanimous report, so I think we really want to think carefully before we do something to alter that fact.

Tomorrow you will get a copy of it. I know it is a bit of a push. It takes about an hour to read it. We will get it distributed, and on Monday, if there are any problems—

**Mr. Wiseman:** Is this in rough form or is it complete?

**Mr. Chairman:** It is in a form like this. Nothing is printed up and there may still be corrections. I saw it for the first time this morning and just went through it quickly and made a couple of suggestions on layout and headings, that kind of thing, but not in terms of specific recommendations. I did not see anything in there that jarred me or anything like that, but every member should make that determination himself. That is what you will get tomorrow. Then by Monday, it would really be helpful if members had a chance to go through it or assign someone from their caucus to go through it or whatever and have a look at it. Good. Thank you.

1540

Let us proceed with the Ontario chiropractors. Perhaps they would introduce themselves and proceed.

### ONTARIO CHIROPRACTIC ASSOCIATION

**Mr. Chapman-Smith:** On my left is Dr. Roberta Koch, who is the vice-president of the Ontario Chiropractic Association and practises in Hamilton. Talking to her just before the hearing

commenced, I can confirm that she has a large number of WCB cases in her practice.

I was introduced, as I often am, as Dr. Chapman-Smith but I am not. I am Mr. Chapman-Smith and I am a lawyer. I act for the association and a number of chiropractic organizations inside and outside Canada. I have a number of affiliations with health care, including sitting on the interprofessional relations committee of the American Back Society, but I certainly do not pretend to have any formal qualifications in health care.

**Mr. Chairman:** Is there anybody in the audience you would like to introduce or would you rather not be known to be associated with them?

**Mr. Chapman-Smith:** It is very hard to see—but perhaps Dr. Lloyd Taylor from Welland, who is the Queen's Park representative, as many of you will know, of the Ontario Chiropractic Association and sits on its board.

How much time do we have?

**Mr. Chairman:** We have no other group scheduled this afternoon and we must adjourn by six. So you can take an hour without any problem.

**Mr. Chapman-Smith:** You have before you a submission. I hasten to add that there are only 2 1/2 pages of text there and the rest of it forms exhibits. Just before I get into that material, which you will see has got a mildly provocative title, to try to get us all thinking at this stage of a busy afternoon, I want to make one or two opening remarks.

In this year's annual report, as in all previous ones in recent times in Ontario and in every other jurisdiction in the western world, we see that back injuries are by far the largest area of claims, about 30 per cent, and more than twice that of any any other area. They represent much more than that in terms of cost for the Workers' Compensation Board.

Estimates in the literature, again throughout the western world, vary between 50 and 75 per cent of total claims cost coming from those 30 per cent of claims. That is because the big ticket item, as you will all well know, is the chronic low-back-pain case.

What would you or I do if we were on the board of a private enterprise called the Ontario WCB and we had to satisfy the needs of the people we served, who are the injured workers and the employers who are putting in some funding? What is the very first thing you and I would do? We would look at back pain seriously.

One of my sidelines is that I run a publishing business and my big costs there are printing and postage. Then there are staff and premises. Well, I am worried about my costs, I look at those, paper-clips. It is outrageous that the WCB never looked seriously at the cost of back pain, which is the foundation of its existence, its cost and its problems.

Many people will be appearing before the committee on many different issues. We do propose for a moment to deal with everything but we are going to focus this afternoon on back pain, because it is such a big area, and come down to what I trust you will find are a couple of eminently reasonable suggestions for action that should have been taken a very long time ago.

Turning to the submission in front of you, I will read fairly quickly through the introduction which frames the following remarks.

First, the category of claims that generated the greatest suffering and cost is low-back. What are the figures? Second, most of these claims arise from the strain/sprain type injuries. Third, the great majority of cost arises from the under 10 per cent of chronic cases. This could be two things: if I indexed all the literature behind this, any comment we make this afternoon on what you want evidence we can provide more of.

In paragraph four, I take a few comments from Gordon Waddell, whom I first knew as an international rugby star as I grew up in New Zealand. He is from the British Isles and now a prominent orthopaedic surgeon in Scotland. He won the Volvo award in clinical sciences, the foremost international award in the area of low-back pain, for an article last year in which he made these comments:

"Modern medicine can successfully treat many serious spinal diseases and persisting nerve compression but has completely failed to cure the vast majority of patients with simple low-back pain."

"We must change our whole approach to low-back disorders...the main theme of management must change from rest to rehabilitation and restoration of function."

Get the patients moving early. Treat them actively. Encourage them to get going.

I now have some figures which are from the UK. I am sorry they are not from Ontario; I don't think such figures are available. These are from Waddell's article. There are comparative figures to be found in other jurisdictions, but look at the figures.

Episodes of incapacity from back pain: 1,000 persons per year: in 1955 in the UK,



men and eight for women; in 1981, 58.2 for men and 44.7 for women. Over the same period, the rate of sick certification for back pain rose 350 per cent for men and 500 per cent for women.

What he is saying in his article is that we have created back disability. His article, interestingly, was written after he came back from a year on assignment in Oman. There he found back pain but not back disability; because people kept working, they kept moving. He said we have created it and it is to be changed.

Fifth, the new model of management calls for early active intervention, and I have underlined a position you may think surprising. There has been a vast amount of research published in the last 10 years, and now the single treatment modality with the most scientific evidence of effectiveness is spinal manipulation.

The Ontario WCB has never used chiropractic services within its own treatment centres or even analysed the comparative cost effectiveness. I cite (a) excellent Canadian evidence of the therapeutic effectiveness of chiropractic care in the treatment of low-back pain—and I will come to that a little bit more fully shortly; (b) a number of studies showing shorter disability and 40 to 50 per cent saving in treatment costs under chiropractic care; and (c) evidence from Ontario employers of benefit to workers.

Maybe we will turn to exhibit A, which is just a recent, short, simple statement from an employer in Ontario. I see it is dated August 1987 and was sent by Cadet Cleaners. There has been a referral of an MD to refer to a chiropractor, and I say in the last paragraph this is upsetting because we use they have found how effective it is for all these problems.

Returning to the text, I have been in Canada 15 years and I can say from my own experience that for the OCA that point (d) is entirely correct.

Point (d) is persistent pressure from the OCA for analysis by the WCB of the comparative effectiveness of chiropractic and medical management of similar populations and a trial study of chiropractic services within WCB treatment centres.

I would like now to talk to the three documents under point 1 of heading B. The first is an A submission that was made to the WCB in March 1987, and I now turn to that. This is the same text and attached to the text, commencing with page B-8, there is a copy of the research article being referred to, which is an article from the Canadian Family Physician by Professor

Kirkaldy-Willis and David Cassidy. About him, I will have a little more to say in a moment.

#### 1550

However, in the text—and I am now talking about page B-3—I have endeavoured to summarize what is in that paper so that within the confines of this afternoon we can get through it, but I stress that the paper is there for anyone who wants to see that I am treating it fairly.

Paragraph 1: There is an attached paper, exhibit A.

Paragraph 2: This ground-breaking research was first published in 1983. It was republished in 1985 because of its extreme significance in the treatment of chronic low-back pain. The Canadian Family Physician article, over and above reporting the trial, specifically addresses various other questions about spinal manipulation.

Essential features of this research which I think will be of interest to you, include the fact that the study was conducted at the University Hospital at Saskatoon over a period of six years. It is still continuing and I can confirm that is the case today.

The principal researcher is Dr. Kirkaldy-Willis, an orthopaedic surgeon, and Dr. Cassidy, a chiropractor, both internationally acknowledged leaders in their professions. This is Kirkaldy-Willis's latest book, which would hold a candle to anything published in the world in this area. He is the past president of the International Society for the Study of the Lumbar Spine, which is the most learned medical society in low-back pain worldwide, and he is currently president of the American Back Society. So we are talking about a distinguished man, now in his early seventies, who is at the peak of his profession.

Paragraph 5: The aim of the study is, through the co-operation of both professions, to determine the effectiveness of chiropractic care for a population of chronic low-back-pain patients admitted for hospital care. The chiropractic care consists of assessment of joint dysfunction and, where appropriate, spinal manipulation.

All patients entering the trial were totally disabled by constant severe pain and had suffered for many years. The results appear in the research article.

Paragraph 8: If you take the 171 patients examined and diagnosed as having joint dysfunctions at the posterior joints or the sacroiliac joint, they are totally disabled for an average of 7.6 years. Following a two-week to three-week regime of daily chiropractic manipulations, 87 per cent returned to full function with no restrictions for work or other activities. Not a



single patient was made worse. What is always important in these studies is the next point: The success rate given was maintained at 12-months' follow-up. How often have you heard that it might work for a few days but then falls off?

Paragraph 9: There was less success with some other categories, for example a 36 per cent success rate with patients with central spinal stenosis, that is bone degeneration narrowing the canal so there is pressure on the nerves. I have indicated that this could be interpreted as an even more remarkable result because that is a condition that would not normally be sent for spinal manipulation at all. However, we will not get into the details of that now. That is all there in the paper.

As to the relevance to the Workers' Compensation Board, all of this does come home to roost, I assure you. This is of high significance here because (a) I will not go through that as we have just said that; (b) the research is Canadian; (c) high-calibre researchers; (d) it relates to a population of hospital admission patients totally disabled by chronic low-back pain; (e) remarkable results, maintenance of improvement, no patient made worse, and it is so conservative and inexpensive.

Paragraph 11: Kirkaldy-Willis, faced with these results, has altered his practice for chronic low-back-pain patients. As explained in lectures, and I most recently heard him say this in Orlando at the American Back Society three weeks ago to 600 orthopaedic surgeons, chiropractors, etc., from around North America:

(a) All back pain patients other than those with clear disc prolapse with marked nerve root involvement are sent for chiropractic assessment, and if indicated, spinal manipulation.

(b) This is regardless of whether or not X-ray or other investigations show conditions like stenosis, thought not to be amenable to chiropractic.

(c) This is justified because experience has shown that frequently these conditions have nothing to do with the symptoms.

(d) If there is no response under chiropractic care, it was still valuable. Only three weeks have been lost, patients are not worse, the treatment is conservative and inexpensive, and if there is no progress, that is regarded as a valuable diagnostic step, ruling out joint dysfunction and various muscle problems.

Conclusion: These results were first published in 1983. In January 1984, the Workers' Compensation Board gave as its reason for not establishing chiropractic care in Downsview that the

chronic cases were beyond the scope of chiropractic care.

Frankly on the initiative of the Ontario Chiropractic Association, Dr. Kirkaldy-Willis wrote to the Ontario WCB contesting this. There were various communications, and following that, Dr. Bob Mitchell, then executive director of medical services at the WCB, who had been at conferences—we had invited him there and he had heard Kirkaldy-Willis speak—announced that chiropractic treatment would commence in Downsview at the end of 1986.

In October 1986, Kirkaldy-Willis came to Downsview to address medical consultants who were present that day. He was received in the midst with the deference that is accorded someone who is truly a lion in his field. He was brought to Downsview in preparation for commencement of chiropractic services. It was no big deal. It was just going to be a trial of chiropractic services there.

The second part of paragraph 5 is the most significant. Certain Downsview staff, medical and physiotherapy, felt their positions threatened, and the political results of this have been treatment shelved in favour of study and research. A lot of cosmetic steps were taken to speed up research protocols, but nothing was approved or is under way. Politics are frustrating commencement of a proven major benefit to injured workers and the compensation system.

**Mr. Chairman:** You are giving politics a name.

**Mr. Chapman-Smith:** Yes, I am going to have to be very careful.

**Mr. Wildman:** We believe it to be a honourable profession.

**Mr. Chapman-Smith:** As I do with law, we all have our difficulties. Might I pause just to tell you a tremendous joke I heard about law recently that you might like?

**Mr. Chairman:** I probably would.

**Mr. Chapman-Smith:** They have started using them in Florida, I am told, in medical experiments, instead of white rats. There are three reasons for this. First, there are more lawyers than white rats. Second, laboratory technicians get rather attached to white rats. Third, there are some things that a white rat will not do. They contested that heavily in court.

**Mr. Chairman:** The chiropractor jokes tomorrow.

**Mr. Chapman-Smith:** I now wish to turn to exhibit C, which is a recent letter, dated April 1988, to Dr. Donald Henderson, who is

mediate past president of the Ontario Chiropractic Association. It is a letter you can see is intended to make his blood boil.

He is asking why it still is that chiropractic services are not even being investigated in any way or used, not even in a trial. Look at the third paragraph: "Generally speaking, clinics participating in the"—WCB's—"regional rehabilitation program do not manipulate patients.

This is a clear definitive statement. None of us is sure why, but they do not, apparently.

They advised me that there is no evidence in the literature on the lasting efficacy of chiropractic or other forms of manipulation." It is not said that "they" are, certainly no one with anything like the authority of Kirkaldy-Willis. We do not know whether it is anyone who knows the first thing about spinal manipulation.

Now, we have just been through some excellent Canadian evidence from an impeccable source, which the Workers' Compensation Board has been introduced to and was going to on three years ago. But that is all history. It is evidence. There is no evidence.

It was emphasized to me"—again we are not sure by whom—"that manipulation, although it is effective with certain patients, has not proven useful for the type of patients that are being seen in the regional rehabilitation program;" who, as we will be aware, are sub-acute and chronic conditions, people who have not responded under the first line of therapy.

Again, this is exactly what Kirkaldy-Willis is saying, working with sub-acute and really chronic conditions.

It could go on, but it is going to get prolonged. The whole of the letter is there. It all carries on in that. It amounts to a total whitewash and a promise to investigate.

The chiropractors will go home and say, "No evidence," if their services are used, investigated and found not to be effective or cost-effective. They will only ask that they be used as every other therapeutic approach is within the WCB services.

It is time we got away from all this esotericism and down to an injured worker, and that is Exhibit D. We have two pages here. I am not having to do this, but let's walk through it a little bit.

Christopher Martin was a streetcar driver for the Toronto Transit Commission. On August 4, 1977, he suffered whiplash injuries. He was off work for just two weeks resting and taking medication. He went back to work, but driving his

car he developed much worse pain, stiffness and severe headaches and went off work on August 24.

"I first saw my family MD, Dr. Ruderman at Women's College Hospital and he referred me for physiotherapy...I improved steadily," under this, which involved neck movements and a home exercise program.

He was still off work, so it was required that there be an orthopaedic exam and X-rays. That all seems quite sensible to me. He was sent back for more physio with weight-lifting exercises added, and then he went through a period when he was just was not improving at all.

In the middle of paragraph 3: "I was now anxious to get this solved and back to work, and I decided to see Dr. Lu Barbuto, a chiropractor. This was on the advice of my wife, an insurance adjuster, who had heard him speak at a recent seminar." Dr. Ruderman gave the appropriate note. There was need for referral in this case. You will appreciate that patients can choose chiropractic care, but if they have gone to a medical doctor first, they must be properly referred, and that happened here.

"I saw Dr. Barbuto for six or eight weeks...and he was a great help. He treated me with heat, electrotherapy, manipulation, and he went through and approved various exercises I had originally got from Women's College, especially isometric exercises I was doing to strengthen my neck muscles. The muscles in my neck, right shoulder and right arm were much more relaxed, I was getting better movement all around, I was back to normal sleep, and in late March expected to be back driving," very shortly.

I regret I do not have the attached letter, but he says: "I then got the attached letter dated March 15, 1988, from Mr. Glen Carmen at the WCB saying that I should go to a special behavioural health clinic on April 6. On receiving this I phoned Mr. Carmen, explained that I was getting chiropractic treatment two times a week, was now getting over my problem well and expected to be back to work shortly. He explained that I would have to go to the behavioural health clinic and that I should stop my chiropractic treatment. This seemed wrong to me but I wasn't in a position to argue."

He went to this clinic two times a week. I am not sure about the cost here. I have heard competing figures, but I can tell you it is a heck of a lot more expensive than chiropractic care.

From his point of view, in the second line, basically the clinic was a waste of time. "After the first three weeks, in which I deteriorated quite



a bit—getting more muscle tightness and pain in my neck, and my right shoulder and arm beginning to lock and ache again—I headed back to Dr. Barbuto to continue with what works.”

Then he describes the behavioural health clinic. I do not think we need to get into that now. Basically, he is saying that none of it seemed relevant to his problem. It was all a bit hopeless.

Then he talks about it. You can go through and see some of the things that these new clinics are doing.

The last two paragraphs: “I have now been back with chiropractic treatment for about three weeks and feel really good. My only remaining difficulty is with my neck on turning” That is a problem for him because of his driving work. “However, this is now much improved, too.

“In conclusion, what has helped me has been active therapy: first, the physiotherapist...and then, more especially, Dr. Barbuto’s chiropractic treatment. The behavioural health clinic did nothing...It may be that the clinic would help others, but...it was too vague and general.”

That is meant not as a particularly impressive statement and I have not got Mr. Martin here. That is just a recent statement from a worker who is fed up with being off work, who seeks out what works for him. It happens to be chiropractic, and I am not saying it will always be a chiropractor that is going to work, but he is into that, has his sights fixed on when he is going to return to work and suddenly the bureaucracy arrives.

That, of course, is a very common experience for chiropractors and their patients, the whole time, province-wide. One of the major problems here—I do not want to get into that at length today, because I do not want to emphasize chiropractic issues so much as the issues that are relevant to the system and the workers.

The major difference here, you see, is that if he had been, as he was earlier, attending a physiotherapist, after six to eight weeks the physiotherapist would have called on the phone and said, “Could I have another eight weeks?” The Workers’ Compensation Board would have said yes, and he would have carried on and got well. With Barbuto, after six weeks he gets a letter from the WCB saying: “Under chiropractic care you should recover in six weeks. Now go and do something else.” The chiropractor tries to write a report, tries to call the WCB, tries to say: “This is a long-standing problem. There is great success here. I almost got this guy back to work.” But the WCB says, “Your six weeks are up.”

There just needs to be a lot more logic. What I am here talking about today is not seeking your

assistance in correcting all these relatively big issues, but basically putting chiropractors into the system so that all these health professions work together and then all these other things solve themselves naturally. Everywhere around the world where chiropractors and medical doctors get together in a working environment all the problems go away. During the standstills they are magnified.

To go back to the main text, if I may, and summarize in just three short paragraphs everything I have been saying under B, I have prepared and written in front of you under paragraph 2:

(a) The WCB has clear evidence from internationally renowned Canadian orthopaedic surgeon and low-back researcher of the “lack of efficacy of chiropractic manipulation” for chronic patients. Obviously, the acute patients are relatively easy, but it is the chronic ones that are the cost and that presumably must come out of your most. The WCB casually denies that there is any such evidence.

(b) The regional rehabilitation program is for sub-acute and chronic problems. It is said that manipulation has not proven useful for these patients; and again, that is contrary to the research. It is a pointed observation, is it not? You cannot say something has not proven useful here chiropractic treatment for these conditions when you have never even given it a trial. That is disappointing.

(c) Mr. Martin’s statement is given as a typical example of a worker keen to return to work and know that to really nail that down and for you to be satisfied that was so, you would have to cross-examine him and cross-examine him; I understand that but I have spoken to him and you have given your words there, for what it is worth—progress has been made and then frustrated by maybe some intentioned, but bureaucratic and incompetent meddling in his rehab.

This all leads to this conclusion: Today, there is widespread co-operation between the chiropractic and medical professions. I have put this into the conclusion because I do not know how much any of you know about chiropractic. I do not know what a chiropractor was 12 years ago and neither did my two medical school brothers, and then I suddenly got involved in the whole thing. The world has changed in the last 12 years.

Attached as exhibit E I have an article that could not have been written even two years ago. It is fresh out in the Canadian Medical Association Journal. You might think that you would



to the journal of the Canadian Medical Association to find anything useful on chiropractic. This is basically saying that the world has judged and that physicians' opinions are ringing.

They, of course, give what I would call hand-rattling opinions as well as the helpful, but essentially you have a number of specialists there and a couple of them from Ontario, Dr. Ogilvie from Hamilton, an orthopedic surgeon, Dr. Levy, who is with the Hamilton Tiger Cats, Dr. Roy from Quebec, and others, all saying that manipulation has to be used, that it has its role, that chiropractors do have a role and that they take away a lot of the pain.

"They work as effectively as anything," says Dr. Ogilvie in Hamilton. Chiropractors work as effectively as anything. That is in the Canadian Medical Association Journal, which is one of the most negative environments for comment on chiropractic.

I have also attached a copy of the May issue of Chiropractic Publication I send out internationally myself. It is a little unusual to be referring to one's own publication, but I will tell you why I have attached that. You look on page F-2 at the editorial board of Chiropractic Report, you will see that on this publication, which is widely read by MDs, chiropractors, lawyers and others internationally, we have Scott Halderman, who is a neurologist as well as a chiropractor—he was originally a chiropractor—now one of the most respected authorities worldwide in the whole area of back pain; John Mennell, who is, I think you may say without doubt, the most famous medical manipulator in North America, and here he is on the editorial board of a chiropractic publication; Gregory Swartz, who is the executive director of the American Back Society and an orthopaedic surgeon from California; and then William Kirkaldy-Willis is there too.

I am trying to show you that in the real world here, there is a huge degree of co-operation between the two professions, which of course is good for all of us as medical patients.

The text of this report deals with two Canadian reports this year, beautifully showing how good it is for all of us when these two professions cooperate today. One is Kirkaldy-Willis's latest work, which has chiropractic content. It is really a medical text, but with the chiropractic input in their areas of expertise. Then there is reference to a second book by an Ontario MD, David Imrie, and an Ontario DC, Lu Barbuto,

which is coming out this summer, called Back Power. Its whole message is what can be done for patients if these two professions co-operate.

I start my conclusion by pointing out that there is widespread co-operation in 1988 between these professions.

Second, this co-operation, obviously in the best interest of patients and shown by much study and experience to cut compensation costs in half, is nowhere more conspicuous by its absence than at the Ontario WCB. Recent history shows, and I will use a relatively mild phrase, that external guidance is required to change the situation, and it is suggested that the standing committee should call for a study of WCB records for the most recent year available to determine the comparative cost-effectiveness of chiropractic and medical management of claimants with low-back injuries.

That is said blind. The people I represent do not know what those figures are going to show. They are entirely confident of what they will show. They have asked the WCB for years for these records and they have been fluffed off. I come right back to my opening remarks: This is what the cost in the system is all about and they will not even look at it. Surely it is time someone said, "Pull the figures and give us a look." They will be on the computer.

Second, call for the WCB to use chiropractic services within its treatment facilities, at least for a trial period, to determine whether or not the benefits proven elsewhere can be repeated. With respect, I cannot think of anything more reasonable from the perspective of both workers and the people who fund the system; and obviously also, openly, from the perspective of the people I represent. This is important and, I suggest, entirely reasonable.

With those comments I will close and invite questions either to myself or to Dr. Koch, who can give hands-on, so to speak, experience with these claims.

**Mr. Chairman:** Thank you, Mr. Chapman-Smith.

I should have pointed out at the beginning that we have in the room today a number of injured workers who were at the big meeting on Monday afternoon over in the Macdonald Block. We welcome them here.

Perhaps it would be interesting to ask how many of the injured workers here today have back problems. Would you put up your hand if you have a back problem. There are a lot of potential customers out there for chiropractors. We know, as MPPs too, in our offices, that back

problems are by far the biggest problems, and the statistics back that up.

Is there not chiropractic service at the Downsview rehabilitation centre now? In this group you might be talking to the converted. Not everybody was on this committee last June but some of us were. In our last report a year ago now, our recommendation 7 under rehabilitation was, "Chiropractic services should immediately be established at the centre." The committee was convinced that would be a useful thing to do. You have an ally here, although some of the members of the committee have changed.

I would ask you a couple of things, though. First, you say that the board has never looked seriously at back pain as a problem. They would argue that they have. I can remember they set up a committee—I cannot remember the name of it—that at least was supposed to look seriously at back pain because they know that back pain is their big problem as well. So why would they not, as a board, take a serious look at the problem? It is costing them so much and causing them so much aggravation.

**Mr. Chapman-Smith:** There is absolutely no doubt that they will have done a lot of good things, but if you go back to your model of private enterprise, I suggest that the facts speak for themselves. If one of the major players here, the chiropractic profession, has come in and said, "Pool your figures and let's see," and they have consistently refused ever to do it, how serious are they?

If the chiropractic profession introduces its leaders to quality interprofessional conferences and takes them to the point where they see the value of giving chiropractic a trial, but because of some political resistance in the trenches they ditch the whole thing, how serious are they?

Obviously there has been some good work done; but really, to what level and with what urgency?

**Mrs. Marland:** Excuse me. I still do not think you have answered the chairman's question. It was directly, "Are there chiropractic services being rendered today?"

**Mr. Chapman-Smith:** Sorry. There are not.

**Mr. Chairman:** Merike Madisso, who is our research person with the committee, just pointed out to me that the board responded to all of our recommendations last year. This is how it responded to that one that says, "Chiropractic services should immediately be established at the centre." They said the following—keep in mind that our recommendation was chiropractic services—"The role of the Downsview rehabil-

itation centre and the nature of services provided have been the subject of review by the Downsview review team appointed by the Ministry of Labour in November 1986.

"The resulting report contained wide-ranging recommendations about the future role of the centre. Subsequently, the WCB staff have undertaken a major review of the services and facilities at the centre. As a result of all of the deliberations, the WCB executive will be bringing forward recommendations on the future disposition of services and facilities at the Downsview rehabilitation centre for consideration by the WCB board of directors."

It sounds like full circle to me. The board coming before the committee next Wednesday is certainly one of the questions we will be asking them.

**Ms. Collins:** I have a question about the WCB studies in the United States. I think you all referred to the WCB in Saskatchewan. Do you have copies of those studies that show there is 40 per cent to 50 per cent saving in treatment costs by using chiropractic services?

**Mr. Chapman-Smith:** I do not have them. I can have them within 24 hours. I have them in my room.

**Ms. Collins:** Or any other details you can give us at this time. It may be useful to raise when we talk to the WCB on Wednesday.

**Mr. Chapman-Smith:** Those have all been handed to the WCB on more than one occasion in the past, as you can imagine. The best study in terms of protocol and independence and everything else is a study in Wisconsin in 1978 which will get for you. Just published is a study out of Florida which is the first half of a study, really, is going to be impressive when it is finished because it is based on very much more sophisticated computer records in the Florida workers compensation system and it is very recent.

1620

In responding to the remarks you are making Mr. Chairman, may I draw attention to the fact that I know the WCB has been in a time of turmoil and a lot of constructive thinking is going on. What has happened is that the emphasis has been on taking these chronic cases out of Downsview into regional treatment centres.

The chiropractors have said, "That is fine and that would be a very sensible place for us to play our limited role in the system." The response has been, "We are not going to use any manipulation in those centres." On paper, that is what



WCB says is the current situation, and I have two comments on that.

One, why on earth not? Two, we have evidence that is not right, and Dr. Roberta Koch can speak personally to that evidence if the committee is interested. Some manipulative services are in place in these centres, but there has been no invitation extended to the chiropractors at all, and it is being whitewashed again.

**Mr. Chairman:** I think Ms. Collins has a question.

**Ms. Collins:** I would like to hear a little more about the manipulative services.

**Dr. Koch:** As David mentioned, the chiropractic profession was told that there would be no manipulation at these regional rehab centres, and such manipulation were to take place, it would be done by chiropractors.

Dr. Don Henderson and myself went to visit a regional rehabilitation centre which exists in my town of Hamilton, the St. Joseph's centre, and we got a tour of the centre. I was talking to the physiotherapist there and I asked her what her approach was to patients and she outlined it to me. I asked her pointedly if there was manipulation or immobilization taking place, and she told me that in fact there was, which was something very surprising to all of us.

Subsequently, we approached Dr. Mitchell at the compensation board and mentioned to him that we were wondering if there was manipulation going on at these centres, and he wrote a letter to the centres inquiring. I have a letter with me from St. Joseph's rehabilitation centre stating that it is lucky enough to have a therapist who is trained in manual therapy at this time and "meets our needs for manual therapy intervention with our patients."

This is very disappointing to us as chiropractors, because relief does come from manual therapy, often after years of medical treatment, and it is the single modality with the most effective evidence of effectiveness. Chiropractors have pioneered this therapy. They do it very well and would like to be able to offer this to the workers at these centres.

**Ms. Collins:** Would you have a problem, though, with a physiotherapist providing that service in all centres? Should it be only chiropractors who provide it?

**Dr. Koch:** Chiropractors have a problem with anyone practising manual therapy who is not qualified to do so. Our association has inquired of the physiotherapy association on a number of occasions what physiotherapists' qualifications

would be to practise manual therapy, and we have yet to receive a reply. From what we know, their qualifications are extremely limited and very inadequate. Unless they can show us otherwise, that is what we are assuming.

On that basis, we have a huge problem with physiotherapists practising manual therapy when, in fact, we do have the qualifications and have had them for years and do it well. David went through the study from Saskatchewan which showed that chiropractors are the ones manipulating out there and that success came from chiropractors applying the manipulation.

**Ms. Collins:** In any event, this physiotherapist in Hamilton is the exception to that.

**Mr. Chapman-Smith:** That is the comment that I wanted to make. Not only what I see in Ontario but what can be seen throughout North America and the western world is that there certainly are, in medicine and physiotherapy, people whom I would describe as being like the early chiropractors. They were not really trained that well, but by dint of experience and practice and years and a particular interest in this, some of them have become very skilled. They are the exception and there are very few of them around.

I will not say much more. If you really want fertile information on this, you should go to one of the various people in Ontario who are trained in both disciplines. There are a number of people who are trained in physiotherapy and chiropractic and can really tell you about all of this.

**Ms. Collins:** Back to the study you have, I just wondered what the chiropractic services they are providing in Saskatchewan and other provinces are like compared to Ontario. Are we the exception with our WCB system in the services we provide?

**Mr. Chapman-Smith:** Again, to ameliorate the comments we are making about the Ontario WCB, I want to broaden it. I have appeared in front of WCBs in a number of countries and it is a common problem everywhere. I do not know how much to say, but I can indicate, obviously, that a Workers' Compensation Board is not a pleasant environment for people who are not in control. It is a last bastion, if you like, and a very conservative, rigid environment.

I have here—and I am quite happy to hand them out if you want, without even getting into them—a number of letters which just show the extreme prejudice against chiropractic within the board. If it is helpful for you to have some letters, I will leave them here and you can look at them, but without going into detail, it is the basic thing of someone who is doing well under chiropractic



care going in for review and just getting hounded to the point of tears by people saying, "Why are you seeing these chiropractors?" That is not just an Ontario problem; it is a systemic problem, but I suggest it is one that those of us outside it need to fight with vigour.

**Ms. Collins:** I would appreciate copies of those letters and the one from Hamilton.

**Mr. Chairman:** I think you had also requested the study from Saskatchewan.

**Mr. Chapman-Smith:** Sure.

**Mrs. Marland:** Also, I would be interested in having before the committee someone who is trained in both disciplines, as Mr. Chapman-Smith has suggested. We might well benefit from that.

I must say at the outset that I am sitting here somewhat astounded by what you have told us this afternoon. I must express on my own behalf my appreciation for the frankness and the clarity of your presentation, because I realize it is a complex subject and I also realize who you are representing.

But it is very interesting for us, because we are sitting here representing the best interests of injured workers in this province—that is what this whole hearing is about—and we are very much aware of the fact that the present system is not working in the best interests of injured workers. It may also not be working in the best interests of the employers because of the major factor, which is cost. How ironic, sitting here listening to your presentation.

I did not know what was going on at the board. I was not on this committee last year. As the chairman said, even he thought that last year's recommendation had been a solution to a problem which the committee knew existed a year ago. I think it is pretty irresponsible that a year later this committee is sitting here going over something that obviously the committee thought by its recommendation last year might have been resolved.

I do not want to either overdramatize my opinion or to say something which is not factual, but I think it is totally against the rights of injured workers not to have the choice of medical remedy to their injury. The very fact that the Ontario health insurance plan funds chiropractic service is in itself, in this province, a recognition of chiropractic practice as being a medical remedy.

Having said that: First, to comment on your recommendation A on page 3, where you are suggesting that the records for the most recent year be available to determine the comparative costs, I do not know who would do that. That

would be a very expensive, in-depth study to retrieve those records. We have already had two or three sessions of this committee where we have heard how archaic the retrieval method for individual injured workers' records. That is frustration item on its own.

**1630**

You talk about the cost-effectiveness of chiropractic and medical management of claimants with low-back injuries. You can equate the cost-effectiveness, but I realize that, after the fact, with every individual it would be hard to weigh the medical management and the chiropractic treatment in terms of the best interests of that patient.

**Mr. Chairman:** Are you anticipating a bribe response?

**Mrs. Marland:** What I am saying is that there may be some difficulty with that recommendation. Obviously, because you have it there, you must have some sense about how much work would be involved. In fact, are you saying that the chiropractic association would be willing to do that evaluation, based on pure medical records of those claimants?

**Mr. Chapman-Smith:** I think it would be wrong for the Ontario Chiropractic Association to have the onus of doing it, because it would be seen as biased. What generally happens in a situation like this is that an independent investigator comes in and then WCB staff help. The chiropractic association would be grateful to have someone on the committee overseeing and seeing what is happening, someone who is experienced in the methodology. That would be ideal, but you really want some PhD who is used to doing all this sort of epidemiological stuff to do it.

As far as difficulty after the fact is concerned, the answer is, not at all for this sort of purpose, but yes for clinical results of treatment, because that needs what they call a prospective protocol. We can get into the technicalities, but it has been done often before. You obviously exclude the surgical cases, because they would make the comparison unfair.

There are a whole lot of other things you do that you get an equivalent population, but there are all sorts of interesting facts you can find, such as the percentage of strains that were sent through to surgery depending upon who they first chose. That is one of the very interesting figures that has just come out of Florida. In short, the protocol is there to do this. While it is quite expensive, it

the drop in the bucket compared with what is being spent.

**Mrs. Marland:** Right.

**Mr. Chapman-Smith:** It would probably generate a sensible look at retrieval systems.

**Mrs. Marland:** I think recommendation B is most a repeat of a year ago and obviously is one I personally would support very strongly.

I want to deal directly, on page B-5, in your conclusions there, with item 5, the statement, "Certain Downsview staff (medical and physiotherapy) felt their positions threatened, and the political results of this, together with changes in CB leadership, have been"—

**Mr. Chairman:** Sorry. Where is this?

**Mrs. Marland:** Page 3 or B-5, where the other conclusions are listed.

**Mr. Chairman:** Number 5 on page B-5.

**Mrs. Marland:** I am reading number 5.

**Mr. Chairman:** Right. Thank you.

**Mrs. Marland:** That is a very strong statement. You have it down here in black and white that the medical and physiotherapy staff felt their positions threatened. I would like you to enlarge on that statement.

**Mr. Chapman-Smith:** First, there was a concerted effort within the physiotherapy profession province-wide which resulted in many letters and signing of petitions and all that sort of thing.

**Mrs. Marland:** By members of that profession?

**Mr. Chapman-Smith:** By members of that profession.

**Mrs. Marland:** About what went on at Downsview?

**Mr. Chapman-Smith:** About how inappropriate it was for there to be any decision to discontinue chiropractic services.

**Mrs. Marland:** Really?

**Mr. Chapman-Smith:** Really. Second, I have not seen the document itself, obviously. It could be something you could ask the WCB management about, I presume it was directed there. I sat in meetings out at Downsview with people who were in positions of executive control in that hospital and had an opportunity to clearly discern very hostile attitudes. I would prefer not to get into mentioning names and details here.

**Mrs. Marland:** No, that is fine; OK. You had the personal experience and you feel that there

are petitions and letters from physiotherapy and the Ontario Medical Association.

**Mr. Chapman-Smith:** I cannot implicate the OMA at all. I do not know about that.

**Mrs. Marland:** OK. We can ask WCB that question. The fact is you are saying the treatment was shelved in favour of further study and research and yet you know no research program was approved or under way.

When we ask them that—which is really dealing with their answer that our chairman just read, to this recommendation of the committee a year ago, which is an incredible amount of words with a nonanswer in it—is there any way they can surprise us by saying there has been some research?

**Mr. Chapman-Smith:** On a question like that, you are little bit cautious of saying no, but I think I can say no because if there were anything, by definition, the chiropractors would have to know about it. For example, they looked for a brief while setting up a proper protocol for the study.

An expert from McMaster University whose name is Dr. Peter Tugwell, who is very well known in this field, was approached. He was assisted by a masters student who was a chiropractor who happened to be under him at the time and they got working on this. But that ended where all other initiatives have ended. There have been no subsequent attempts involving the profession at all to even begin designing a protocol.

Basically the thing that may be explained to you, if I can give you a little bit of ammunition because I have heard it explained so often before, is how important it is to design these things properly and how difficult it is. "It takes time and the chiropractors are too anxious and we will get around to it," and all that sort of thing.

The advice of experienced, sensible men and women—and this is always the advice of Dr. Kirkaldy-Willis—is that what you do with something like this is you start a treatment service in a small way where people get to know each other and relate. The fences come down. Over the first six months, co-operatively you work on designing what you are trying to do and how it is going to work.

It all happens naturally and it unfolds. Within the first year you have it all operating completely smoothly. You know who is responsible, who the patients are, the protocol for your study, how the results are being recorded, etc. If you staff in a small way, that all happens naturally.



The best filibustering technique that exists in the world is to talk about the immense complexity of doing this and the need to ship in experts from everywhere and how long that takes.

**Mrs. Marland:** One last question: I guess the thing is that I personally have far too much respect for the medical profession in this province to believe that members of their profession in general, members of the OMA as a whole, would really be supportive of this kind of archaic control.

It seems to me that if it is the OMA and the physiotherapists, then the fight should have been before the Ontario health insurance plan decided that chiropractic practice was something that patients in this province were entitled to government funding for. Once OHIP started funding chiropractic services, therefore, recognizing it for the benefit of patients, then that battle, that debate, was over.

I guess what I would ask you is, is it possible that there is a very small bastion of control being held here at the WCB with injured workers around the province—who are really a captive audience, I was going to say, which is not the word, but they are captive patients; they are there because they have a very serious physical problem? With the descriptions that you have given us about how the medical profession is changing—and we on this committee all know how it has changed in the last decade towards chiropractic practices—is it possible that we have a few in a very small group who are in fact causing the problem whereby everybody suffers? The patient suffers; the employer suffers because of protracted costs; we suffer because the whole system is not working for the benefit of the people in Ontario.

1640

**Mr. Chapman-Smith:** It is becoming more and more of a minority problem all the time. What we have suggested this afternoon is that it really is right out of step with what is happening broadly in the medical profession and in the world generally. So the answer is yes, it is a fairly narrow problem, but a potent one.

When the Canadian Medical Association established a consumer task force about three years ago, which you may recall was led by Joan Watson, it really, in an impressive way, gave it free rein. I suspected it would have a lot of medical opinion written on it, but they gave Joan Watson and all the lay persons on it a free rein, and its major recommendation and comment throughout that whole report was the inefficiency in the whole health care system that comes from

conflict and the fight of vested interests. The conflict was essentially in two areas: one, federal-provincial in governmental terms; and two, between the health care disciplines and those with turf trying to hold on to it. Everybody makes mistakes and is arrogant in this area, but I suggest it is the role of committees like this and outside players to try to get rid of those obstructions and have what is natural occur.

**Mr. McGuigan:** I guess I will just make one comment on Mrs. Marland's thoughtful presentation. The chiropractors are not fully accepted in the Ontario health insurance plan in the fact that there is a limit on the billing. What is it, \$200 a year or something?

**Dr. Koch:** It is \$220 per year, and in addition

**Mr. McGuigan:** A certain number of visits

**Dr. Koch:** A certain number of visits per year that is right. It is 22 visits per year.

**Mr. Wiseman:** May I ask a supplementary question? Is the \$220 all for manipulation or is part of it for X-ray? In the 1970s, because there was some concern about X-rays, particularly in women of child-bearing age, rather than so much for manipulation and so much for X-ray if a person wanted, it would all be for manipulation. Does that still take effect?

**Dr. Koch:** No. That is the total package that is given to each individual.

**Mr. Wiseman:** To use as he wishes?

**Dr. Koch:** Yes. If a chiropractor wishes to take X-rays on a patient, it comes out of that \$220.

**Mr. Wiseman:** But they could use it all for manipulation if they wanted to.

**Dr. Koch:** They could, yes.

**Mr. Chapman-Smith:** With respect, I don't think they can. There is an amount reserved for X-ray—I am wrong, sorry.

**Mr. Wiseman:** There was in the early 1970s and then we changed. I wondered if they had changed it back.

**Mr. McGuigan:** I have a question that I may be asking of the wrong people, but because you are in the profession, presumably you have done a lot of reading on this so you may be able to help me out. I asked this question before when we were working on injuries and problems in the mining industry.

Just from my own experience as a farmer, and that goes back to when I was a kid in the 1930s, we had some pretty archaic methods of working. People were lifting loads that today we would say were extraordinary. You would not put up with



all. Lifting 100-pound bags of potatoes, 100-pound bags of fertilizer, putting them up over their heads, using humans to do what we do with elevators today; yet among those people, I have known many of them, they did not seem to have any back problems. I am wondering what changes we have brought about in our society, perhaps in the design of equipment, the way we work—

**Mr. Wiseman:** Lack of muscles.

**Mr. McGuigan:** That is possible, the lack of muscles, because these people who used to do that very terrible type of work were really muscled. They were conditioned for it. Another thing, I guess, just by way of explanation, is that they did not do that single type of work day in and day out throughout the year; their work changed as the season progressed, whereas today we have people doing the same job on the same line throughout the year.

I am wondering whether you have observed or have read or have any idea why we seem to be having these low-back problems when in an earlier age we did not have them. At least, we have no evidence.

**Dr. Koch:** I think that is a very complex question that one cannot answer very simply. In my experience and practice, injuries often come from repeated actions in one direction, over and over again, or maintaining one position for a long period of time, and after 10 years something happens. Often when we send a worker back to work, we send him back to work recommending a variety of positions rather than one position for a long period of time. So maybe it is the specialization of society. To answer that properly would take—

**Mr. McGuigan:** Do you know of any studies that have been done on that?

**Dr. Koch:** There are all kinds of books on the ergonomics of the workplace—analysing the way people sit and the way people work—that try to provide answers to that kind of thing.

**Mr. McGuigan:** In your own opinion, it could be tied up to people doing a repetitive job.

**Dr. Koch:** I find that a lot, yes.

**Mr. McGuigan:** I see the figures here on page headed "Chronic Mismanagement of Acute and Chronic Back Pain," under 4(a), "episodes of incapacity from back pain per thousand persons per year: in 1955, 21.7 for men and eight for women; in 1981, 58.2"—that is an increase of about two and a half times—"for men and 44.7 for women," which is an increase of about five and a half times. Have you any idea what is behind

those figures? I think you read those out, Mr. Chapman-Smith.

**Mr. Chapman-Smith:** As Dr. Koch says, it is complex because there are so many factors, but a comment that I think is useful is that the problem with all third-party payment systems, with all judicial systems, with assigning cause is that, in a way, there is a built-in artificiality. As this book explains so well—and in fact I have analysed and you can read some of it in the last exhibit in the material I have given you—there is a natural history in life for low-back pain.

If you look at it in terms of our population's epidemiology, there is a natural degeneration in the spine which leads to likelihood of injury, likelihood of pain, disability, in the middle of life, quite independently from what you are doing. Then as you get older, as you get more degeneration and a greater rigidity builds in, you lose some of the risk and some of the pain and you do not get as much pain.

On top of that whole underlying natural history you get work habits, and the recent literature lays great emphasis upon the role of stress in provoking back pain—just anxiety; stress. I think in these figures here, you have seen people leading a more stressful life and that being reflected in pain—it is not psychological in any sense. I know the appeals tribunal has been dealing very well with what it calls psychogenic pain, but it is real pain and it is pathological as well as having the stress and the anxiety components.

But you have to go to all of these areas, and if you go to any major back conference today, what people will say is that the problem comes out of trying to pigeon-hole it and say it is the bone or the muscle or the ligament or the nerve or the psyche or the environment. All of these interact. The problem for the Workers' Compensation Board is that it is almost set up to pigeon-hole it. That is just an overview of how complex it is.

## 1650

**Mr. Wildman:** I would like to pursue the central question you have been raising about perceived prejudice at the WCB. It is correct that the Workers' Compensation Board will cover chiropractic treatments for an injured worker? As you indicated earlier, if an injured worker has seen a physician, then he must be referred to a chiropractor if he wishes to have chiropractic treatment. Is that not correct?

**Mr. Chapman-Smith:** Sure.

**Mr. Wildman:** And those treatments will be covered by the WCB.

**Mr. Chapman-Smith:** Either referred or approved by the board, and that happens on occasion.

**Mr. Wildman:** That was the other thing I was going to point out, that the board in fact does approve. There have been questions in my area, for instance, about whether a worker—in this case, a francophone worker—should be allowed to go to a more distant chiropractor who speaks French as opposed to a closer chiropractor, but they have approved the chiropractic treatments.

If the board approves chiropractic treatment for a person who is experiencing acute back pain, what would be the explanation or the rationale for saying that you can have chiropractic treatment out there but you cannot have it at the treatment centre in Downsview? They must have given you some rationale.

**Dr. Koch:** That is the question many patients ask me when they go to Downsview. We are treating them and they go to Downsview and they come back and ask: "Why isn't there a chiropractor there? I'd like to see a chiropractor down there." That is a good question.

**Mr. Wildman:** Is it because they are saying they are treating long-term patients at Downsview and they do not believe that manipulation has the same beneficial effect in a long-term back-pain patient as opposed to someone who has had an acute trauma and is a short-term patient?

**Mr. Chapman-Smith:** That was exactly the explanation given a few years ago, which I have referred to in the presentation this afternoon. A variety of explanations are given, depending upon the season of the year, but there really has never been a convincing reason. It really begs the question, does it not? If you have never had chiropractic services in there and observed them and worked with them and assessed them, how can you say whether they are valuable and what will the effect be?

**Mr. Wildman:** I understand that. I am trying to figure out the kind of questions on this issue I should be asking the WCB when it comes back before us. It seems to me that their surgical consultants, when they are reviewing a case for instance, have to review and evaluate opinions and reports that are submitted by chiropractors as well as other physicians in giving advice as to whether a claim is a legitimate claim or whatever. They must have some experience in evaluating chiropractors' reports.

**Mr. Chapman-Smith:** Some. This is a fertile area of difficulty the whole time, as you can

imagine, because by training a surgical consultant will know very little about the indications or what amounts to a sensible course of spinal manipulation. Logically, there obviously should be chiropractic staff involved in that sort of thing. I am not saying "only," but involved in educating everyone so that everyone understands.

**Mr. Wildman:** But certainly out in the community, if an injured worker goes to a family physician and the family physician either refers or agrees to a chiropractic manipulation treatment, then that chiropractor will submit a report to the family physician, so there is an element of co-operation at that level.

**Mr. Chapman-Smith:** Oh, sure. The difficulty is, I suppose, that the association has a jaundiced view of it too. We all see our own perspective of it. What the association gets is a consistent stream of letters sent in by its members. These are letters from WCB orthopaedic consultants saying the most ridiculous things about chiropractic care; all the way from, "I am unproven, it is unhelpful, it is harmful, they should not be doing it," to "If you are not ready in a few weeks, then get down to your physician and let them really work out what it is about."

I suppose the association sees the worst side of it. It sees all of the hairy letters written by various consultants. Within the whole system you will have a number of orthopaedic consultants in the WCB who have a good appreciation of this and deal with it properly, and you will have a much larger number who do not. It is a matter of generations, age, exposure, understanding.

**Dr. Koch:** I want to say something. At the grass-roots level in the community, I personally have a very good relationship with the medical doctors and orthopaedic surgeons in town, who refer patients to me and I send them letters for consultation. Where I run into the problem is at the level of the compensation. Often, what bothers me out is this good relationship that I have with the medical doctors in the community who will not say—

**Mr. Wildman:** To the board.

**Dr. Koch:** Yes, to the board—"What she is saying is right, so it is OK," and then the board will say OK.

**Mr. Wildman:** They want confirmation.

**Dr. Koch:** They want medical confirmation that what I am saying is right, which is really quite absurd. If anybody is going to confirm what I say, it should really be another chiropractor because the medical confirmation of what I say is not really that meaningful.



**Mr. McGuigan:** Is there a problem about diagnosis? Do you have the authority to diagnose? I met with some chiropractors over the week, and there is a review going on now about the various players in the system. These chiropractors brought up the question of whether or not they were going to be able to continue to diagnose.

**Mr. Chapman-Smith:** Perhaps I can answer that from a legal perspective. I have had the opportunity, acting for the association, to research the legislation in Ontario quite carefully ever since 1925, when it first came in. There have always been the clearest duty, as well as the right, to diagnose.

If you go through the regulations ever since 1925, it is there, and if you look at the regulations now, both in what is required in any acceptable chiropractic college and the board exams that must be sat before a licence can be obtained, it is very clear that it is diagnosis in all symptomatology. There have been legal precedents in Canada and in Ontario saying, very logically I think, that anyone who presumes to see a patient straight off a street has that duty squarely on his or her shoulders. That is quite clear under the current regulations.

However, you are quite correctly identifying a constant source of problems, because the suggestion frequently made by people who, I really say quite calmly, have never investigated it, or not for 25 years, or who heard it from their medical professor at school 30 years ago, is, "We don't really think they can," which is at odds with the evidence, training and all the documented facts. You will not ever see in correspondence from the WCB that chiropractors cannot diagnose; that is what is reported by patients as being said to them by their WCB counsellors.

**Mr. Wildman:** The impression that you, as a profession, are getting from the WCB is that the standard sees chiropractic treatment as an adjunct to intervention rather than as a primary treatment—as an extra. Is that a fair assessment?

**Mr. Chapman-Smith:** I think that is fair. The law says it is one of the worker's rights to elect to receive chiropractic care, simpliciter, but the pigeon-hole that the board always tries to put it into is something that you can try for a while and if it does not work we will get down to the source of the problem.

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**Mr. Wildman:** And then they still want medical confirmation?

**Dr. Koch:** That is right, yes; that is correct.

**Mr. Wildman:** That is what I meant by an adjunct. If that is the case, obviously at the local level, when dealing with an individual patient, a chiropractor on many occasions will refer a patient who has come to that chiropractor to a medical physician—

**Dr. Koch:** Exactly.

**Mr. Wildman:** —or an orthopaedic surgeon if he finds that manipulation is an inappropriate type of treatment for this particular case.

**Dr. Koch:** Definitely.

**Mr. Wildman:** So if there is that kind of co-operation in the community among the various kinds of medical practitioners, it would be logical, particularly when it is recognized by the board for compensation purposes, for that similar kind of co-operation to take place at Downsview.

**Dr. Koch:** You are absolutely correct. Chiropractors know very well what an appropriate trial of treatment would be for a certain type of injury or certain type of patient. A chiropractor would recognize when that trial is over and it is time to move on.

What is not so appropriate is a third party telling you that what you are saying is incorrect or changing it without being a chiropractor. If anybody is going to look at that and make an opinion, it should be another chiropractor.

**Mr. Chapman-Smith:** Excuse me, I wonder if I could just interrupt you. I would refer you to the second page of the material I have just given you. There is a letter from the Workers' Compensation Board recently to Gordon Lawson, who is a Toronto chiropractor. He is treating there and you will see what is underlined at the bottom. "If" your patient "is still having a problem she should consult her general practitioner..." That is completely inconsistent with the law and the system, but that is written almost ingenuously by someone who is living in such a climate of that thinking that that has found its way into a letter.

**Mr. Wildman:** OK. You may not be able to answer this, and if that is the case then fine, do not answer me. Do you know of other types of treatment for pain that have become more current that are meeting resistance from the WCB as well, for instance acupuncture or other types of treatment? Maybe that is an inappropriate question because there are medical practitioners who practice acupuncture.

Is this an isolated situation related to chiropractic manipulation or is it a kind of professional



inertia that just does not allow for the board to accept new types of treatments for problems that they have had to face for a long time?

**Dr. Koch:** I do not know that I can answer that at all.

**Mr. Chapman-Smith:** I do not know the specific answer, but I think we can be quite frank about the fact that the whole subject of chiropractic and manipulation has its history. Chiropractors have a very colourful and not always good history. Manipulation has always been viewed as an unattractive, unproven and unscientific thing by medicine, even for those within its ranks who have tried it.

So figures like Mennell and Cyriax and Lewit, famous world-wide for trying to get spinal manipulation into favour in medicine, have been hounded all their lives; and when Cyriax, the poor old man, died in England a couple of years ago, 90 per cent of the medical profession still thought it was good riddance and some of that even appeared in the journals.

But what has happened is that in the last 15 years there has been a complete revolution in a number of things, including the scientific study of manipulation; and then, certainly as you see in some of these figures, there is a complete rethinking of medical management. It has been shown that bed rest does not work and that inactive remedies like pain medication while you wait are the wrong way to go because people get psychological overlay. You build chronic problems.

We are talking about an area that is in great flux right now. I suspect there are a lot of people in administrative positions who are not fully briefed on it all.

**Dr. Koch:** May I just add to that? Chiropractors had a six-week limitation arbitrarily imposed on them. In order to get an extension for that, what the chiropractor has to do is write to the WCB and request authorization and provide the backup for this. If you compare this even to physiotherapy, for example, that has an eight-week limitation; and I believe there can be a verbal extension, which makes it a lot easier. What happens is that I write a letter at the five-week mark when I realize six weeks is not enough, and it takes a month or even two months to get the answer back.

**Mr. Wildman:** Can I ask one other question then? If there is co-operation and even recognition by the board at the local level for a patient who elects or needs chiropractic manipulation, do you have evidence that in analysing the claim, the consultants at the board will not accept chiropractors' opinions if they are at variance

with the opinions submitted to the board reports from medical doctors?

In other words, if the chiropractor is saying, "Yes, this is a legitimate claim; this person has a lumbar problem and so on," and explains it, his diagnosis and what treatment has been taken yet an orthopaedic surgeon says he thinks there is no evidence on the X-rays or whatever that a person has an organic problem; then the board invariably accepts the position of the medical doctor as opposed to the chiropractor.

**Mr. Chapman-Smith:** This, of course, is a major source of difficulty. One of the appeals which I have appeared was for a worker named Coutts. The essential details of his case actually appear in exhibit B6 of the material you have. On reading that, you would like to have all the documents from his case, including the letters from the medical specialists, I can let you have them.

In essence, this was a clear case where a driver had a neck injury—his truck rolled—and he had months and months of medical and physiotherapy treatment and he was no better at all. Two neurosurgeons said, "You need surgery." He said, "How's it going to go?" They said, "We can't say, but you need it."

His mates at work said, "Try a chiropractor." He had never heard of chiropractors or had the thought of trying one. He went to his medical people and they said no way. They actually wrote a letter saying, "Don't go." He then went to a chiropractor and recovered excellently under conservative chiropractic care.

Inside the WCB, the consultants, even faced with the evidence from the medical expert in the field who said it was a wise decision to go to a chiropractor—you can read the reports where they are angry that this has all happened and they say, "There's no way we'll pay." We went on appeal.

**Mr. Wildman:** Was that because he didn't have a referral?

**Mr. Chapman-Smith:** And because it was a silly thing to do anyway, and it was risky to do everything else. We went on appeal and said that this was a most evident case where the board under its discretion should be allowing this. The written decision of the appeal authority was, "Yes, the chiropractic care was sensible, effective and cost-effective. Pay." That is a well-documented case of what is a very frequent occurrence.

**Mr. Wildman:** It is interesting that the board also says, as we all know, that when there is doubt, benefit of the doubt is to be given to the injured worker. It seems to me that if

professionals are disagreeing about the legitimacy of a claim and there is in fact reason for doubt, unfortunately that the board is not giving the benefit of the doubt to the worker.

**Mr. Wiseman:** Does the board still meet with the Ministry of Health on a regular basis, as a discipline?

**Mr. Chapman-Smith:** The Ontario Chiropractic Association board?

**Mr. Koch:** Meet with the Ministry of Health?

**Mr. Chapman-Smith:** Yes, with various branches of it.

**Mr. Wiseman:** Have they taken and made the deal, as you have to us this afternoon, on the basis of saving, similar to what you have given us your three-page summary at the front, that the back pain and the costs it may be cheaper to deal with a chiropractor than with the medical profession? Have they taken it to the Ministry of Health, as they used to do when I was there, to present their case? If they have, has it fallen on its ears? What action has been taken? Any?

**Mr. Chapman-Smith:** I think it is fair to say that, if you look at the last five-year period of time, most of the evidence of cost-effectiveness has been presented in this forum, by which I mean in the context of the workers' compensation legislation, because it seems like such a natural place for it to be examined.

You have a body with large funds that should be penetrating this area. As you will know, when you deal with the Ministry of Health, you tend to state your top four or five priorities for the time being; those tend to be legislative issues.

**Mr. Wiseman:** The only reason I say that is that, if workers' compensation does not pay for treatment or if a person does not get well with workers' compensation, then it is right back to the Ontario health insurance plan again, is it not? OHIP has to pick it up?

If it is, as you presented it this afternoon, a deal, then I would think that is something that should be brought up with the Ministry of Health so that it is maybe pushing workers' compensation to follow along with what you have suggested, if you present a good case to them and you have a good ally fighting on your behalf. One way or the other, some level of government is going to have to pay for the injured worker to be rehabilitated.

**Mr. Chapman-Smith:** There is one other argument that I could make. The nearest that has been done, or the equivalent perhaps, to present-

ing it to the Ministry of Health, has been strong submissions like this to the various groups that have spun out of the Ministry of Health in recent years.

Mr. Grossman, as minister, had a major policy conference in 1982 and all of this documented stuff was given then. Recently, there has been the Spasoff committee and all these committees, and it is given to them, bodies appointed by the ministry to look at issues of cost-effectiveness and rationalizing the system.

**Mr. Wiseman:** I do not know whether they still do, but they used to meet on a regular basis, every couple of months or something like that. They had an agenda and they would forward their agenda to the ministry. I do not know whether the new government has changed the way things happen, but that is the way it used to work. It would seem to me that that would be another place where they should present a brief similar to what you have here this afternoon.

**Mr. Wildman:** I would think the Ministry of Health would have a very difficult time, though, in influencing the Workers' Compensation Board. Their medical decisions are their medical decisions.

**Mr. Wiseman:** Yes, but it gets back to cost. With the money it is costing OHIP today, and all of us as taxpayers, if it can be done better and cheaper a different way, then it is maybe time they looked into it.

The other thing is just something that I was not aware of. When did the chiropractors get the doctor degree granted to them so that they can call themselves doctors? I was under the impression that that had to be through a degree-granting institution rather than a self-disciplining group, that kind of thing. Has that changed? Did I miss it?

**Mr. Chapman-Smith:** The use of the term "doctor" is really quite interesting. This, again, I have seen in many different jurisdictions. It is really governed in the health professions, very much more by a matter of professional etiquette underlying certain legal considerations. You cannot do anything that is illegal but, above that, it is a matter of standards in the community.

I think, in Ontario, for a long time it has now been a recognized standard for optometrists, psychologists, chiropractors and everyone to use the title, subject to identifying their discipline. I think the matter was last looked at two years ago by the lawyer acting for the Board of Directors of Chiropractic of Ontario, which is the college regulating chiropractic. His opinion on the current legislation was that it was authorized.



Quite apart from the legal position, it is interesting to note that most of the correspondence between medical associations and ministers of health and the chiropractic leaders today is all quite relaxed on the use of the title "doctor."

**Mr. Chairman:** Does the same apply to dentists?

**Mr. Chapman-Smith:** Yes. You call a dentist "doctor."

**Mr. Wiseman:** I asked because there was one in my area who put "doctor" on his licence plate. The medical profession got after him and he had to remove it right away.

I checked into it at that time. The way I understood it was that when you are a self-disciplined body—you set your own exams and everything, rather than having them set by a degree-granting university—you could not call yourself doctor. I wondered if you were connected now with a particular university that would give you that right to call yourselves doctors.

**Mr. Chapman-Smith:** As I say, the legal opinion is that the right is there, and it happens in practice. On the issue you now raise about connection with a university, that is one of the things the profession has been talking to the Ministry of Health about, and that has not been resolved yet.

**Mr. McGuigan:** Perhaps I could help out a bit. Before I talked to the chiropractors last weekend, I got a status report from the Ministry of Health, and that question was one of the items. It said that is really not under question, that there is no opposition from the medical profession. That was just the simple answer they had.

**Mr. Chapman-Smith:** I had a letter from the College of Physicians and Surgeons of Ontario in 1978, 10 years ago now, saying that the use of the title "doctor" by a chiropractor is quite all right as long as it is indicated that it is "doctor of chiropractic." That may be the tale behind the licence plate which just said "doctor."

**Mr. Brown:** The statistics seem rather overwhelming. There seem to be a great number of advocate groups within this system. Being a new member and a new member of this committee, I am totally amazed at the complexity of the whole workers' compensation issue and the number of players in it. What interests me a little is that we have a lot of advocate groups within the system, such as the office of the worker adviser and the office of the employer adviser, both of which have at least some degree of policymaking role.

Has your group been in conversation with groups such as these about these issues? Obvi-

ously, in terms of helping workers, I think worker adviser would be very interested in issue and, in terms of cost, the employer adviser would be very interested. Have you had conversations with those kinds of groups about issue? There are more than those two.

**Mr. Chapman-Smith:** The first response would be that during the last five years association has, in what I would describe as a very professional way, tried to deal with leadership of the Workers' Compensation Board without excessive pressure or politicking, tried to introduce the facts, the research, and tried to encourage them into what are sensible initiatives. It really has been felt all along, until recently, that there was likely to be success that more dignified route. The times may well be changing.

**Mr. Brown:** I was not suggesting that contact them, but rather that they might be contacting you with these issues.

**Mr. Chapman-Smith:** There is a lot of contact that way. The case I have just given and referred to, which I appeared on, was one of a worker coming to the association through a representative saying, "Is there any way you can help?" The association said: "Yes, there is. Let's fight this."

There is continuing communication like that, but I cannot honestly say, looking over the last two or three years, that there have been too many discussions in this area.

1720

**Dr. Koch:** Chiropractors work with worker advisers, often in helping a worker with an appeal.

**Mr. Brown:** That is one of the things that amazes me. We did have them here before, but I do not believe that was raised at that time. I am not trying to fault anyone for it, but it would seem that is a policy initiative that a lot of groups should be looking at, rather than just the board.

The other question I had really relates to the fact that the best way to treat people is not to treat them—that is, to prevent the accident in the first place—and whether there are conversations with, say, any of the health and safety associations we have in this province. Has any group been active with them at all? We, on the committee, are particularly familiar with the Mining Accident Prevention Association. If they also would have a very strong interest in issues that would prevent accidents, especially strains and that sort of thing. Are those kind of conversations going on?



**Dr. Koch:** I believe they are. I am aware of conversations we have had with the Industrial Accident Prevention Association, and I believe put together a movie.

**Mr. Chapman-Smith:** There was a film in conjunction with the IAPA back about 1978. There is a consistent dialogue and joint project, and there is a specialty group in chiropractic that has an interest here and runs seminars and a certification program. Its graduate members do a lot of work in industry themselves. That is a growing area.

Of course, the profession overall remains relatively small. There are 1,500 in Ontario, and a portion of those that is active in industry; so much smaller compared with, say, industrial nurses or large groups like that.

**Mr. Chairman:** Before we go to Mr. Miller, I think you should know that while you have been addressing the committee, that most dignified of possible lobbyists, Dr. Lloyd Taylor, has been circulating at the back, picking up names and claim numbers.

**Mr. Miller:** The first paragraph in the letter was presented to us from Miss Shelley Felix, who, in response to chiropractic treatment, under the authority of the Workers' Compensation Act, the board has the responsibility to monitor and control all treatment administered to injured workers." I think you have to justify to me that the chiropractic treatment is going to be useful. You indicated there was some progress. Some changes were made. Is there more response from the Workers' Compensation board permitting the chiropractic treatment?

**Mr. Chapman-Smith:** I think the burden of everything that is being said this afternoon is that there is no doubt about that and, heavens, we all want the board to have control. There is no doubt about that principle. The burden of what we are saying this afternoon is that everything should be done on an equal footing: tested, used and assessed. We are saying that there is one conspicuous service that has been starved out and has not been tested, notwithstanding good evidence from elsewhere that it is very cost-effective. Is that an adequate answer?

**Mr. Miller:** Yes, I suppose. I guess anything in connection with governments works slowly and it does not change; you have to justify the changes. I guess there does seem to be some evidence that we are making some progress in chiropractic treatment and care.

**Mr. Chapman-Smith:** Nothing is always black. I think one of the things you may hear

from board representatives later in the week is that while there is now a chiropractic radiologist reading all the X-rays submitted by chiropractors, and it is pleasant for that to have arrived at last, and there is now a chiropractic consultant on the board reviewing some of the cases, and that is pleasant and has been in place for about five years, there is not anything such as using the services for the workers who need them. The OCA would say those were useful advances that run the risk of being viewed as cosmetic unless they are being substantiated by treatment within the system.

**Mr. Miller:** Again, the number of injuries and the percentage of increase have been a concern for a long time. To determine when it requires treatment, when that injury took place, whether it was on the job, off the job or off work; again there have been changes made here through the Ombudsman, for one example, giving the benefit of the doubt to the injured worker. That is something we have to deal with at this committee level to make it more simple, to make sure the injury is taken care of and the worker is taken care of without the hassle, because I think we are wasting more money on hassling than we are in trying to achieve the end result, getting the worker back to work.

I guess maybe it is an observation, but the percentage of increases is an interesting figure, and the percentage of the cost of the injuries; 30 per cent attributed to back injury is one of the big factors that has to be dealt with.

**Mr. Chairman:** I think that exhausts the list of speakers. I would like to thank you, Mr. Chapman-Smith and Dr. Koch, for coming before the committee and for bringing Lloyd Taylor with you.

I did want to add that next Wednesday in this room, which will be the last day of this series of hearings we are having on the WCB, the compensation board itself will be here. We would be most pleased if you could be in attendance that day, not to cross-examine them—that is not the nature of our hearings—but to be in attendance in case there is a question that comes up. We would be very happy if you could be in attendance next Wednesday in this room.

**Mr. Chapman-Smith:** Thank you and thank you for this opportunity.

**Mr. Chairman:** Tomorrow we meet in committee room 1, which is just down the hall and to the right, for those injured workers who might not know the layout of the building, at the same time, 3:30 p.m.. The Ontario Federation of Labour will be appearing before the committee.

The committee adjourned at 5:27 p.m.

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**STANDING COMMITTEE ON RESOURCES DEVELOPMENT****Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

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McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Clerk:** Decker, Todd**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:****From the Ontario Chiropractic Association:**

Chapman-Smith, David, Consultant

Koch, Dr. Roberta, Vice-President









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# **Hansard**

## **Official Report of Debates**

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Thursday, June 9, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, June 9, 1988

The committee met at 4:02 p.m. in committee room 1.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986

(continued)

**Mr. Chairman:** The standing committee on resources development will come to order. We apologize for the delay, but the question period ended and we are not allowed under the standing orders to start until question period is. That is why there has been the delay. We have before us today the Ontario Federation of Labour. Its president, Gordon Wilson, is, I hope, going to kick off the presentation on behalf of the OFL. Gord, welcome to the committee. We are pleased you are here.

### ONTARIO FEDERATION OF LABOUR

**Mr. Wilson:** Mr. Chairman, in order to facilitate today's proceedings, because this is an important subject, our delegation is larger than would normally have before this committee any other of the Legislature. May I suggest that I begin with some opening remarks that are included in a text, copies of which are with members of the committee, I think? Then we will have with us a number of representatives from various affiliated unions of the federation in the province, who would like to add to and complement the presentation I am going to make. I would then suggest, if it is all right with you and the committee, that perhaps we can engage in some dialogue at that point.

Let me begin from our prepared statement. The Ontario Federation of Labour welcomes the opportunity to appear before the standing committee on resources development to discuss labour's concerns regarding the present workers' compensation system in Ontario. Joining us are representatives from a number of our affiliated unions, including the Canadian Auto Workers Union, the United Steelworkers, the United Food and Commercial Workers, the ironworkers' union and the Canadian Union of Public Employees. They will be discussing particular issues affecting their membership. The labour movement has been and will continue to be involved in every aspect of the public discussion on the subject of workers' compensation.

It is not necessary to discuss at any length the historical development of the workers' compensation system in Ontario. It is, however, useful to remember why the system was set up, namely, to deal with the injured workers with "justice and humanity speedily rendered," to quote the Workers' Compensation Board motto. It should also be remembered that many of those voicing concern today over such issues as WCB costs are from the same groups which fought the creation of the system over 70 years ago. Any discussion of workers' compensation must be viewed against the backdrop of injury levels and the perception of the Workers' Compensation Board by injured workers.

In examining the following figures, it should be remembered that each one represents a fellow human being. I do not propose to read them into the record, other than to say, obviously, as you view them that they are startling, with deaths averaging approximately 250 per year over the period 1983 to 1987.

To this should be added the figures for occupational disease. The Yassi report, Occupational Disease and Workers' Compensation in Ontario, estimated that as many as 6,000 workers may die each year from diseases contracted on the job. In April 1988, after members from all three parties spoke in favour, the Legislative Assembly of Ontario unanimously adopted a motion calling on the government of Ontario to declare "April 28 in each year as a day of mourning and recognition for the victims of work-related injury and disease, to be observed by a minute's silence and the lowering of flags to half-mast." These facts are a grim reminder of the need for improvements in the health and safety condition of workplaces in Ontario. After their injury, workers turn to the Workers' Compensation Board.

As you are no doubt aware, workers in this province view the WCB in a negative light. For many, it has become the spiritual heir of the medieval practice of trial by ordeal. The WCB is seen as an adversary of the injured worker, an adversary which has the power to force injured workers constantly to prove their worth before any benefit is given or continued. In recent months, injured workers have felt themselves under sustained attack by the reforms in policy

and procedure at the WCB and by a vocal employers' lobby.

The opening paragraph of the WCB's 1987 year-end review and 1988 agenda states: "1987 was a year of massive change at the Workers' Compensation Board. In effect, a wholesale transformation of the way in which the board is structured and performs its functions began to take place. Much was accomplished and the remaining elements of the transformation should be completed by the end of 1988."

We have strong concerns regarding the WCB's motivation in bringing about this "wholesale transformation." We believe that, if implemented, this transformation will not be in the best interest of workers. There are several aspects of this process which we find disturbing.

First, the WCB gives the impression that virtually everything, procedure and policy, must be re-examined and this must be done now. The rationale for such an approach is that corrective action is needed because in the past the WCB was doing many things in an inappropriate manner. Although input is sought from stakeholders, they are given severe time restraints and limited background information to respond to important issues. Under such conditions, the stakeholders can do little more than state their concerns. With the input stage over, the WCB can then implement the policy it had, quite frankly, already developed.

Second, an aspect of this process is being used to undermine established structures which were created by legislative action. Late in 1987, we received a copy of a detailed proposal for revisions to the Workers' Compensation Act, prepared by someone at the Workers' Compensation Board. The document examined the act section by section, giving the text, the issue, the departmental recommendations and the subcommittee discussion. The document, when brought to the attention of the government in the Legislative Assembly recently, was dismissed as the idle doodlings of low-level officials.

Among the changes were proposals to erode the power of the board of directors. The document had been prepared without their knowledge. The powers of the board of directors should not be eroded because it provides an opportunity for wider public input into WCB activities. The board could be strengthened by more worker representatives from injured workers and from organized labour.

**1610**

Another proposed change was to erode the independence of the Workers' Compensation

Appeals Tribunal. It appears that this is the goal of some elements in the WCB and employer groups. WCAT was created by legislation to provide a court of appeal for WCB decisions and therefore, by definition, cannot be subordinate to WCB decisions. The existence of this independent tribunal has been beneficial, in the main, to workers. Our main concern, which we have expressed to WCAT directly, is the growth of legalism of its procedures.

Increasingly, the WCB has expressed a desire to use its powers under section 86n to re-examine WCAT decisions. The first use of section 86n was in the ongoing decision-72 case. In wanting to repeat the experience of oral hearings, the WCB has again taken the position that subsequent 86n hearings will be closed to the public by written submissions only. This is completely unacceptable. If the WCB believes it needs to use section 86n, then an open hearing must be part of the process. Parties who believe the outcome of a decision will have an impact upon them should be given an opportunity to voice their concern.

All of these actions taken together suggest that there are those at the WCB who would like to take the clock back to pre-1985. Although the WCB is reported to the provincial government, in reality it operated as it saw fit. In the course of oral hearings, you will hear from two groups of injured workers that have been directly impacted by the actions of the WCB. They are the injured workers group and the Canadian Union of Public Employees, Local 1750.

Workers who are injured become more than accident victims; they become victims of the compensation system. They soon face a variety of pressures—physical, financial, social and psychological. If assistance is sought from the union, local clinic or MPP constituency office, they encounter many others in the same dilemma. One organization, the office of the worker's adviser, has done excellent work across Ontario assisting injured workers. They now have a massive backlog and a budget freeze. Since the OWA is funded by the WCB via the Ministry of Labour, the WCB should ensure that sufficient resources are available to carry out this important task.

Injured workers have always had to deal with the frustrating experience of dealing with the bureaucracy the size of the WCB. Recently, they have faced the additional problems of the wholesale transformation at the board. The ongoing changes in policy and procedure are seen as attacks on injured workers and what they thought were their rights. Injured workers



sl waiting for action arising from the Ontario Risk Force on the Vocational Rehabilitation Services of the Workers' Compensation Board. The WCB's vocational rehabilitation strategy raises many questions, but little hope, for injured workers.

The members of CUPE Local 1750 are faced with a difficult situation as well. Through their training and personal experience, they know what should be done with injured workers. They lack the power to implement what is needed. The reforms at the board are disruptive both to injured workers and to those working to provide needed services.

There is an obvious need for reform in our system of workers' compensation. We need a system truly based on the motto of the board. We in the labour movement believe that immediate action is needed in the following five areas: (1) that the present cutbacks be stopped; (2) that all permanently injured workers be awarded a just pension; injured workers suffer 24 hours a day, night 8, and their pensions should reflect that reality; (3) that the WCB really recognize the scope of problems with industrial disease in this province; (4) that all injured workers be given full rehabilitation and reinstatement rights; and (5) that stronger health and safety legislation be passed and that these laws be enforced in every workplace in Ontario.

We believe our views are shared by groups active in compensation issues such as the injured workers, consultants and clinics. We also share opposition to the introduction of the wage-loss system in Ontario. We believe that it would not serve the best interests of injured workers in this province.

Through the rumour mill, we are told the provincial government will probably be introducing amendments to the Workers' Compensation Act before the end of this session of the Legislative Assembly. This provides a unique opportunity for this government to capitalize on the extensive investigations of the Majesky-Minna report, which received input from all areas and interest groups within Ontario. We would urge the government quickly to implement the Majesky-Minna report.

That concludes the presentation and the opening remarks by the federation. I would now like to call upon Jim Crocker from the Canadian Auto Workers for his comments before this committee.

#### CANADIAN AUTO WORKERS

**Mr. Crocker:** First of all, the Canadian Auto Workers come here today fully in support of the

OFL brief. As has already been stated, we have taken a couple of areas of the brief and we would like to expand on them somewhat, if we might.

The first part we want to deal with is decentralization or regionalization of the WCB. We in the CAW, along with the rest of the labour community, heralded the announcement that the WCB was going to decentralize and place the responsibility of adjudications and other important board functions in its regional offices, where injured workers and their representatives could get direct access to their claims and participate in the actual adjudication process. Unfortunately, in recent months, the dream has fallen woefully short. While we still support that concept, because it makes some very basic sense, we feel decentralization should be reviewed.

Funding appears to be falling short of expectations in all regional offices. The level of service has deteriorated over the years to the point where we are simply dealing with a mini-Toronto approach. Case loads have doubled or are more than they should be in all departments—claims adjudication, vocational rehabilitation, medical aid, investigations and support services. Steno pools are worked to the maximum, so it can take days to get a report or letter typed. Even recommendations of allowance for injured workers take days to get typed on many occasions, thus delaying the final authorization for payment.

Staff is cut so fine that not only are case loads much greater than we were promised, which was 125 to 150, but vacation replacements are not available. When employees take vacations in some cases the case loads sit virtually untouched, only to be faced by the workers when they have returned from their well-earned vacations. Phone systems are taxed to the limit. Very seldom does one get through immediately. When you call, you usually listen to the phone ring a dozen times or are immediately put on hold.

Board doctors are also taxed to the limit, causing delays in the overall adjudication system. Files sit awaiting medical decisions, as frustrated workers and their representatives wait for the decision. Trained workers are moved to other locations long before adequate replacements are trained to take over the vacancies, causing even more delays and resulting in some very inadequate decisions.

All of the above have caused very poor morale among all personnel and strained the normally good relationship between board personnel and the workers' representatives. In spite of all these problems, decentralization is still an excellent



idea that the labour community fully supports. Once the board sets up a regional office and the workers and their representatives are used to a certain level of service, these cutbacks are very hard to explain in the communities.

The labour community would recommend that adequate funding be made available immediately to restore all regional offices and Toronto to a level of service workers deserve and expect. Adjudication processes being delayed due to specific information beyond the board's control is one thing, but delays caused solely because the workloads are too high and facilities are taxed to the limit are completely inexcusable.

**Board policy review:** As with the WCB's regionalization policy, the CAW feels the board's approach to policy review is an acceptable method of monitoring and developing overall board policies. Certainly, if a review on any operational guidelines are to take place, it is important that the labour communities have full access to that process and are granted equal authority to help shape these policies.

Having said that, we would like to request a few things from the operational and policy branch of the board. We hope that a more complete method of notification of the various labour bodies would take place. In the first year, many labour groups, the CAW included, were not informed of policy reviews that were taking place until it was too late for us to react.

The board must realize that in most cases it takes more time for us to react than other groups that the policy branch may be dealing with. We seldom deal with these types of concerns without contacting the memberships we represent requesting their input where possible. I hope that the board would be planning well in advance for any policy to be reviewed so that all parties would have adequate time to prepare these presentations and make the appropriate responses.

Again, we must emphasize if the operation policy branch wants to fully implement its external consultation program, please set the programs out with plenty of advance notice, making sure the full labour community is advised and given plenty of time to participate.

1620

#### UNITED FOOD AND COMMERCIAL WORKERS INTERNATIONAL UNION

**Ms. Shartal:** My name is Sarah Shartal. I am from the United Food and Commercial Workers. We represent a little over 70,000 workers in Ontario. Our members work in industry, retail

and services, mostly within the food industry or food production or retail sales.

I would like to begin by saying we wholeheartedly support the presentation of the CAW and the presentations of our brothers from other unions. However, at the same time we have some specific problems we would like to talk about, things that affect our members in industry and in our retail sectors.

Overall, the food industry does not have many problems when it comes to things like toxic chemicals or designated substances, but we have some problems with things like food additives, spice compounds, refrigeration and transportation. Most of our problems arise out of the work itself. Our most common problems are what are called muscular-skeletal problems that affect the arm, the wrist, the shoulder and the low back.

Seven out of every 10 claims that our people file are for something called repetitive strain injuries. Most of these injuries are caused through the repetition of small motions over and over again, often at very fast speeds.

I will give you a couple of examples. In poultry processing in Ontario, birds hang upside down and pass in front of processors. In plants—and we represent 85 per cent of the industry—they pass at a rate of between 20 and 50 birds a minute. If you are going to make a simple cut on a bird, that is two motions: you put in a cut, you pull down. If you are going to move your arm over to the next bird, that is three motions a bird. That means we are looking at a minimum of 51 to 111 motions a minute or 3,060 to 6,660 motions an hour every hour that they work.

Our members in the plants are being crippled at unbelievable rates. Recently, in one of the plants in rural Ontario we did a survey of a production line, and 94 per cent of our members on that line have carpal tunnel syndrome already. Carpal tunnel syndrome being the inflammation of the tendon inside the wrist, which then has to be operated on.

We have similar problems in retail. Everybody says: "Retail stores—food stores, grocery stores are nice. They are neat, they are clean, they are not wet, they are not particularly cold. What problems could you have there?"

Take, for example, the cashier. Modern cash systems involve the lifting and twisting of large numbers of small objects on one wrist as you pass them through and put them in. Five years ago, Simon Fraser University, in a study it did, estimated that a cashier handled between 400 and 900 objects in an hour. These objects are lifted

just twice, once as you pull them through the  
 manner and next as you put them in the bag.  
 Does this bell mean you all have to leave?

**Mr. Chairman:** We will see. It may be a  
 forum call, which we may be all right on, but  
 we do not know yet.

**Mr. Carriere:** As long as it is not the fire  
 alarm you are OK.

**Mr. Chairman:** No, it is not the fire alarm.

**Ms. Shantal:** All right. Anyway, I will just go  
 on.

In a survey that I did about two years ago in a  
 moderate store, a small store like you all have in  
 your neighbourhoods not one of the super-huge  
 stores, just a survey of what goes through a cash  
 register operator, between 3,500 and 10,600  
 pounds of goods go through a cash register in an  
 eight-hour day. That means that every cashier in  
 every unionized store in Ontario is lifting  
 between one and a half and three cars a day on  
 their wrist.

Our international, when it did a study of retail  
 food out in California, found that 97 per cent of  
 all of the cashiers in retail food in California have  
 carpal tunnel, and we estimate that between 40  
 and 70 per cent of all of our members will be  
 operated on at least once within their work life.

These injuries become permanent injuries. I  
 have represented workers who will never be able  
 to pick up a dish again because the damage to  
 their hands has been so intense. At the same time,  
 we have problems with these claims when we get  
 from the Workers' Compensation Board. RSI  
 injuries, repetitive strain injuries, can be called  
 wear-and-tear claims. When you hit most claims,  
 WCB wants an accident; they want something to  
 have happened to you that starts at a specific  
 time.

Theoretically, under section 3 of the act, there  
 is a thing called a disablement. In principle,  
 when it was first enacted about 1965, when the  
 term "disablement" was added to the act, it was  
 supposed to deal with the wear-and-tear claims.  
 In practice, what WCB policy says is it will allow  
 a disablement claim only if something unusual  
 has happened, such as moving to a new job or  
 there has been a speedup or a change in  
 production.

The board will not allow claims that arise  
 simply out of the slow accumulation of wear and  
 tear. As a result, it plays a sort of shell game. It  
 puts it in all the various categories and it bumps the  
 wear-and-tear claims off the face of the earth.  
 Needless to say, we appeal them. We win most of  
 them somewhere down the line on appeal, but the  
 appeal process takes between a year and two

years. In the meantime, if it has been a permanent  
 injury, we are having to refer more and more  
 working people to welfare.

Our problems do not end there. Let's say we  
 have forced WCB to recognize one of our  
 wear-and-tear claims, but the injury that has been  
 done to the member's arm or back is serious  
 enough to have produced some sort of permanent  
 damage. Let's say the person never got rated for a  
 pension because the doctors never sent in the  
 letter that says, "I think there has been some  
 permanent damage." The person has just gone  
 back to work. The doctors have said, "This is  
 something you are going to have to live with."

What do such persons do? They do what most  
 normal people do at that point. They work with  
 pain. They stop going to their doctors because  
 their doctors cannot do anything for them except  
 give them painkillers. They basically stop  
 complaining to people. Fine so far.

Two years down the line, it gets so bad that  
 they have to lay off again and they apply to WCB  
 for a recurrence under the original claim. Here  
 comes WCB's second catch-22. This catch-22  
 says: "For there to be a recognition of a  
 recurrence, you have to meet two tests. The first  
 one is continuity of treatment and the second is  
 continuity of complaint." You have to have kept  
 going to your doctor and you have to have kept  
 complaining to somebody. Otherwise, it cannot  
 be a recurrence.

It is as if WCB thinks in two colours, on and  
 off. You are either totally sick and they are  
 paying you benefits or, if you went back to work,  
 you must be totally well. As a result, large  
 numbers of recurrence claims are denied. The  
 tests that the board has set out, in fact, are almost  
 unmeetable. We are almost always in appeal on  
 the issue of recurrences, particularly when it  
 comes to repetitive strain injuries. It is not bad if  
 you have a recurrence within six months, but  
 what happens if it is a permanent injury and you  
 ended up having a recurrence two years down the  
 line and you are not somebody who goes to the  
 doctor every other week because you have to live  
 with it?

Let's say the board did agree that there was  
 permanent damage and you could not go back to  
 work. What happens now, in dealing with the  
 same person with the RSI injury? Let's say they  
 even agree to retrain you. Here comes the third  
 catch-22 with WCB for our membership. As  
 rehab is presently constituted, it will only do  
 what it calls horizontal retraining, training to  
 equivalent jobs. With the nature of repetitive  
 strain injuries, any job which is equivalent to a



packing-house worker or cashier involves repetitive motion of their wrists; ergo most long-term workers with repetitive strain injuries end up on welfare.

Let's talk about pensions for a moment. Let's say the board actually recognizes that you have something called chronic tendonitis and it is a really bad case. You cannot use a screwdriver without your whole arm swelling up and losing the use of your arm. That will rate you about a 20 per cent pension.

On top of the basic problems of the meat chart, it is our feeling that this approach to the wear-and-tear injuries of arms and shoulders is deeply gender-biased. What WCB has done is say, "These are the muscle groups that most women's work entails," be they data processors, secretaries, processing workers, assembly workers or retail workers. The amount of money that is awarded for damage to those muscles is very small.

Let's say you even got a big pension—this is something I have really never understood—let's say they rated you at an 85 per cent pension rating. What I have never understood is what they expect that extra 15 per cent to do. Do they expect the extra 15 per cent to go out and get a job? There is something about that whole concept that is—

[Interruption]

1630

**Mr. Chairman:** Let's let the United Food and Commercial Workers complete their presentation.

**Ms. Shartal:** OK; let's go back. Let's say you went back to work with a pension. Next series of problems: What does this permanent pension do for you? Why is it important? Why do we oppose the issue of wage loss for those workers who have gone back to work? The first thing is—it is very basic—you suffer for 24 hours a day; you do not suffer for eight.

But, in addition, there are two other reasons that have to be considered. The first is that WCB will not pay for what it calls maintenance. For example, they will pay for about six weeks of chiropractic treatment. They will not pay after that and they will not pay for maintenance.

The permanent pension that workers who go back to work get in part helps pay for things like the types of services and treatment that keep them working. Take away the permanent pension and you add on to their responsibility to try to keep themselves in the labour force, because there is no system under WCB that will cover maintenance of ongoing claims.

At the same time, at least under the present system, the permanent pension is the only WCB ever recognizes that you are not 100 per cent well when you go back to work, and it is only insurance you have against recurrence of claims. If you have a permanent pension on, they can never tell you you were 100 per cent when you went back to work.

Before going on a little bit, I would also like to move for a moment to our employers. While we do have a number of employers who are probably really serious about health and safety, we have a number of others who really care only about how much it costs them. As a result, more and more our employers are introducing what are commonly called the safety bingos or other forms of pressure to keep workers from filing for compensation.

The way the most common of these works is that they will give you, at the end of the month, \$20 for every department that does not file a single claim. They tell you what this is. It is a prize for good health and safety. But you know what? It is not. What it really is is peer pressure to keep people from filing compensation claims.

At the same time, we should all remember that every time one of our employers manages to harass someone or push someone on to take sick benefits as opposed to filing for compensation, the difference in cost is quite substantial to the employer. Under sick benefits—any employer has a benefit plan that any workplace has—the employer pays for drugs and for lost time. They do not pay doctor's or hospital fees. Those are paid by the Ontario health insurance plan.

Under WCB, at this point under the present experience rating, employers are charged for the full cost of a claim, which means they pay the doctors' costs and the full hospital costs. That means that every time they manage to convince someone, be it through harassment, be it by telling them that WCB is going to take over—ever—which it does—and they will give them the money in two weeks, in whatever manner they manage to get somebody to claim sick benefits as opposed to WCB, they have managed to reduce the substantial cost of an injury they produced on the backs of the taxpayers of Ontario.

What happens if they get caught? Here is a fourth catch-22 of WCB. They get fined \$50. If you were an employer, at those odds, I would probably be doing my best—\$50 is not a big deal. I have claims in which I get employers fined three and three times a claim. There is absolutely no other mechanism of enforcement to get them to report injuries.



last, I would just like to say a couple of words out the office of the worker adviser. We, as a union, would like to voice our support for the OWA. Unfailingly, when we have had a difficult case—particularly disease claims, because we do not have a lot of disease claims and we have not specialized in disease claims—the OWA has always come to our assistance.

I would like to point out that last year, according to some statistics we worked on, about 10 per cent of the labour force went on compensation. I am handling about 700 appeals this point. We have gone up. Our case load has about tripled in two years. I understand that, at this point, the OWA's waiting list is two years long. Injured workers have to wait at this point, when they apply to talk to the OWA, two years before they get somebody to talk to them.

The whole of the compensation system has become increasingly legal, increasingly bureaucratic, and at the same time the OWA has had its budget frozen. They cannot hire another representative in the province. Something about that seems to be incredibly insensitive to the problems of injured workers.

In our industry, the problems come from work itself. They come from the way work is done and the way work is organized. We have no protection, either under the Occupational Health and Safety Act or under workers' compensation, because the problem areas are not covered. So that we are forced into under the present system—excuse the language—is a process of guerrilla war with most of our employers. What we try to do is to push as many claims as possible through to prove to them they have a problem, so that they will go and do something about line speed, heights of things, weights of things and the way work is done.

It is our feeling that workers' compensation is supposed to be a system that provides workers coverage with dignity. It is not supposed to be a parity system by which you ask for some sort of favour, and if you are miserable enough they give you something. If anything comes out of the changes in the WCB, it has to be to allow workers' coverage with some sort of human dignity, taking into account all the things they do for work and not simply the increasingly narrow definitions that board administrators are putting on entitlement. Thank you.

#### CANADIAN UNION OF PUBLIC EMPLOYEES

**Mr. White:** My name is Jack White. I am with the Canadian Union of Public Employees, and

we represent approximately 130,000 workers across this province.

I could speak to you today about the problems we face in our hospitals with workers lifting patients and injuring their backs. I could speak to you about our workers in homes for the aged who lift patients and injure their backs. I could speak to you about our school board employees who work alone, injure themselves and have difficulty receiving workers' compensation.

Reference is made in the Ontario Federation of Labour brief at page 5 to section 86n, and I would like to take this opportunity to speak to you today about 86n and the devastating effects that it has on workers, because 86n allows the Workers' Compensation Board to deny claims.

I would like to speak to you about a hospital worker who suffered left-shoulder and upper-back injuries in two compensable accidents, the first one on January 18, 1983, and the second one on July 19, 1983. She received temporary total disability benefits from February 24 to May 11, 1983, as a result of her first injury, and then was off again from July 20, 1983, to April 24, 1984. She went back to work and was laid off again on July 20, 1984, and was off again until September 3, 1985. She returned to work and worked until November 16, 1985 and, because of increased pain, was laid off again and denied further benefits.

An appeal of that decision was heard on September 5, 1986, before a hearings officer who denied this appeal, maintaining that her problems were due to a noncompensable fall that she had suffered in a supermarket on August 18, 1983.

This decision was then appealed to the Workers' Compensation Appeals Tribunal on September 14, 1987. It is interesting that the panel in its decision said, as the basis of its conclusion:

"...at least since April 8, 1985, the worker had been suffering a genuine total disability caused by pain that is real to her and which has resulted from the compensable injuries and that, as of the date of the hearing, maximal medical rehabilitation had not been achieved, this panel finds that the worker is entitled to temporary total disability benefits from November 17, 1985, to the date of this hearing."

It goes on to say, "The worker is also entitled to a continuance of such benefits beyond the hearing date until the date when the board determines that maximal medical rehabilitation has been achieved and the question of entitlement

to permanent pension benefits under subsection 45(1) arises."

"The panel would ask the board in the circumstances of this case to take such steps as may be open to it to especially expedite the calculation and payment of the benefits."

Finally, it said, "It is evident that the worker and her husband, who are both entitled to workers' compensation benefits, should receive medical and rehabilitation assistance. We urge the board to institute a rehabilitation program for them without delay."

#### 1640

I think it is important that you hear of some background as it relates to this couple. The husband has been on and off compensation since 1956 and is today an invalid, unable to do any type of work at all, and has been an invalid since August of 1984. She, quite naturally, is affected by her husband's condition and her inability to earn sufficient to keep their home and pay their outstanding debts. A report prepared by a WCB social worker on November 18, 1986, clearly stated that the worker has become suicidal and/or homicidal and requires the care of a psychiatrist. This worker is presently under the care of a psychiatrist, whom she sees every second week.

This worker won her claim before the Workers' Compensation Appeals Tribunal and of course received that decision and undoubtedly was very pleased and phoned me and thanked me for all the work I had done, but then she learned that the board under section 86n was going to review that decision. I then wrote to the chairman of the board, outlined to him what a delay in receiving moneys would do to this couple, requesting that the claim be allowed to stand, for to do otherwise, in my opinion, would be inhumane. But to no avail: the review would go ahead, according to Dr. Elgie.

As the worker's representative, I was given an opportunity to make a written submission in support of the worker's right to benefits and, I might add, with no knowledge as to how or by whom a decision would be made and how quickly that decision would be made; and, I should also add, without an opportunity to give oral argument as to why this claim should be allowed.

It is my understanding that the issue which disturbs the board is the question of retroactive payment beyond July 3, 1987, when the board introduced its own policy as it relates to chronic pain disorder. I suggest to you that if that is the case, why then does the board not at least pay benefits to those workers from July 1987 and

then allow verbal argument as to entitlement beyond that date?

Here is a lady who has not received a penny from any source since November 1985. I attended a meeting at the Ontario Federation of Labour on Monday last. I just got into the building and I got a message to phone my office. I phoned the office and the receptionist said, "You had better phone this woman because she is saying to me that unless she hears from you immediately, she is not only going to commit suicide, but she is going to take somebody with her, probably from the hospital she used to work in."

It took me an hour to convince her that was not the thing to do. What upset her was the fact that her landlord that morning had advised her that her rent was going to be increased by four per cent. I should also add that she has not paid her rent for many months and is about to be evicted. She has Hydro bills of over \$400; they are threatening to cut off her light. She cannot pay her telephone bill and that is about to be cut off. Surely, the board could have paid her from July 3, 1987.

In the letter I received from the legal department which is handling this review, they advised me that without prejudice I could approach the board and ask that they do it exactly, pay from July 3, 1987, which I of course have done.

Let me advise you that the response from the board is, "I'm sorry, that claim is current before the review committee and we can't do anything until it comes back." On top of that another four or five claims dealing with chronic pain disorder have been added to the list, and I suggest that it will probably be October or November before a decision is rendered.

This is all because of 86n. Section 86n allows the board of directors to stay any decision of the WCAT where such decision turns upon interpretation of the policy and general law of the act, and I suggest to you that makes WCAT almost ineffective in most cases.

In closing, what I would like to do is quote to you from another decision of WCAT, and that is decision 519. They say in that decision:

"In our view, our decisions to award temporary chronic-pain benefits are decisions that are made in accordance with the act. They produce the result that, at least for the pre-July 3, 1987 time period, is inconsistent with the result that would be achieved by applying the board's chronic-pain policy. We are confronted, then, with a situation in which the board has enacted a policy that



produces a different result than would arise by application of an established line of authority from previous tribunal decisions. It seems to this panel that the implementation of a new policy by the Workers' Compensation Board does not have the effect of changing an established line of tribunal authority. The board has certain powers under section 86n of the act to review tribunal decisions on matters of policy and general law. That is the mechanism that is available to the Workers' Compensation Board if it seeks to challenge a principle contained in tribunal decisions. Hence, where there is evidence that a worker is disabled by a chronic-pain condition and the evidence establishes that the worker's condition is temporary, that is, it has not reached the point"—of maximal medical rehabilitation—it is right for us to continue to award temporary benefits for the ensuing chronic-pain condition." The worker I have described to you today has not yet, in our opinion, reached maximal medical rehabilitation. This worker is in dire need of money. The general counsel for the WCB, in the omission to whatever this body is, the corporate board that is supposedly reviewing this particular claim, announced that the total amount of money that would be owing to this woman to date is \$24,400—hardly a large amount of money, but just think what it would do for this couple. Ladies and gentlemen, I thank you for this opportunity of addressing you today.

INTERNATIONAL ASSOCIATION OF  
BRIDGE, STRUCTURAL AND  
ORNAMENTAL IRON WORKERS,  
LOCAL 721

**Mr. MacDonald:** I am Herb MacDonald from the International Association of Bridge, Structural and Ornamental Iron Workers, Local 721, the ironworkers union in Toronto, and I thank you for this opportunity to speak here today. We have many concerns, and many of them have been addressed by the previous speakers. I would like to start out by saying that one of our main concerns is that the time that it takes to get appeals and the time that it takes to get decisions are absolutely ridiculous. It is somewhere in the area of 18 months to two years that we have had appeals and no decisions yet, or we have had appeals put in and no date set for appeals. I hate to use this terminology, but it has been used, I guess, for many years, and that is, the justice of the meat chart. It just has to be changed; but our main concern in the ironworker trade is in regards to the rehabilitation system. It is completely inadequate. People in the rehab

system are ill-informed as to what their own clients' status is. For example, in every case we deal with, the rehab counsellors are not aware whether these injured workers are receiving benefits. If the injured worker is not receiving benefits but is receiving the assistance of rehabilitation, in most cases seen on a monthly basis, the answer I and the injured worker receive is that it is not in rehabilitation's jurisdiction this is the job of the pension department.

1650

Where does this leave the injured worker? In such cases, questions are asked: "Does your union have benefits that you can receive? Have you applied for unemployment insurance benefits? Have you applied for Canada pension benefits?"

I point out to you, and it has been told to me loud and clear by Canada pension officials, that the Canada pension board is not in the position of subsidizing the Workers' Compensation Board. Furthermore, to get Canada pension benefits, you must be totally disabled. Therefore, it is a double standard by the board's rehabilitation system when a worker is told he or she must look for X jobs per day or week and at the same time, in order to get Canada pension benefits, he or she must be totally disabled.

In order to get benefits from unemployment insurance, you must be ready, willing and able to accept available work. Therefore, you are not entitled to rehabilitation benefits.

I would point out to the board that we in the trade of ironworking are much better equipped and have documentation to prove that we can do a better and more efficient job of rehabilitating our people and motivating them back into the workplace in a decent and respectable work environment. Therefore we strongly recommend that funding be provided for these benefits.

We are demanding five issues here: (1) mandatory rehiring for injured workers; (2) no return to the wage-loss system for compensation; (3) a more just pension for injured workers; (4) proper consideration be given for industrial diseases, and (5) our most important issue as ironworkers in the construction field, rehabilitation.

We are asking that workers be rehabilitated by their own unions; in our case, the ironworkers. We demand that the moneys be made available, as we suggested in the Majesky report, to purchase a building to properly retrain our own people and other injured workers, whom we can assist in returning to respectable places of work.



I point out that ironworking is a unique trade. For example, we are a recognized trade that is involved in a variety of work which includes reinforcing rod men, window and curtain wall installers, structural steel erectors, welders, precast erectors, tower erectors, instrument men, ornamental iron workers, machinery movers.

I strongly point out to you that with the variety of work that is involved, we in the ironworking trade have the perfect opportunity and the mobility within our trade to return our people to gainful employment.

Again, there is one problem. Funding is needed. With the proper funding, we are convinced we can put injured workers back into the workplace at a faster rate than is happening with the present rehabilitation system. For example, our people know their representative. With all due respect to rehabilitation counsellors, they only know their clients on a number basis and a visit to their home or to the board once per month.

In our opinion, this is not rehabilitation. In the case of the ironworker, we respectfully ask for funding to be provided by the Workers' Compensation Board, and I can assure you that we will provide results which will benefit the injured worker and the compensation board by getting the injured worker back to gainful employment.

We have a very good record in this respect, and with the help of the board, this change in rehabilitation certainly will make relations between the board, injured workers and companies a much better working environment.

Lastly, I would like to point out that the companies who hire our members for installation of materials on construction sites also manufacture this material on their premises; therefore, we have an excellent opportunity of putting our injured people back to work, not in the construction field but in the shop jobs where there is a desperate shortage of qualified men and women to do the manufacturing work.

**The Vice-Chairman:** Thank you. Norm Carriere, from the United Steelworkers of America, someone well known to the committee.

#### UNITED STEELWORKERS OF AMERICA

**Mr. Carriere:** I am Norman Carriere, representing the United Steelworkers of America in Ontario. Our union represents about 80,000 workers in a large range of jurisdictions, from heavy industry and mining, the steel industry, fabricating, appliances, the chemical industry and some transportation. Obviously, we have members with a lot of accidents and, unfortu-

nately, too many fatalities, because of the nature of the work in heavy industry; and a lot of industrial disease problems with the chemical industries. Our union, because of the jurisdiction, has 17 regional offices throughout the province, plus one district office which I will point out of.

We have about 50 staff members. Part of the responsibility is to handle compensation claims for our members and they are kept fairly busy doing that. Apart from that, we have, because of the large numbers of problems with the compensation claims and the way the policies are handled, full-time local officers above the servicing representatives.

We have, in the Sault Ste. Marie area, full-time people working continually on processing claims and appeals and assisting workers get justice under the compensation board. We have full-time reps in the Elliot Lake area who do just that. In the Sudbury area, we have a full-time compensation department, apart from our staff rep, which is completely occupied every day dealing with cases. We have a full-time worker compensation committee in Hamilton, which has more than one representative apart from the staff, because of the kind of problems we have with the compensation. We certainly endorse the statement of the Ontario Federation of Labour which was presented to you this afternoon.

#### 1700

We also have the same problems which were raised by all of the previous speakers. They apply equally to our organizations and the members they represent. For example, Jim from the workers talked about the decentralization problems they have which cause delays. We have the same problem in the Sault Ste. Marie, Sudbury and Hamilton areas.

With policy notices, it is exactly the same. We have a terrible time. We have the same problem in trying to respond, in trying to make presentation on policy changes without prior notice, because it is difficult for us to co-ordinate, to meet and try to assist and get in from all of the people that we have to talk to in order to respond.

There are problems with recurrence, such as those Sarah Shartal raised with you regarding what happens to those members that we have and we have hundreds of them—on recurrence. We have exactly the same problem.

There are time delays on appeals raised by ironworkers about decisions. It is exactly the same. So there is a problem, and our union has the same problem—I suppose because of

jurisdictions and the numbers—and we certainly support all of the statements that were made earlier.

I want to talk a bit about an area of some concern, industrial or occupational disease, and the kind of injustices that are raised because of the board's policy when dealing with these matters.

I want to raise that because we have had experience for a long time with occupational diseases, especially in the area of lung cancer cases that result from exposure. Some examples are: the lung cancer cases of exposure to nickel in the sintering plant at Inco; the lung cancer problems that we had with the exposure to radiation in our uranium mines; the coke oven exposures over which we have had months and years of battles with the Workers' Compensation Board; the asbestos exposure that was the same; and, just lately, the lung cancer cases from exposure of our gold miners.

We submit that in every one of those areas where we have had to represent workers, claims are denied for years. They were denied even after there was some clear, known evidence that the workers had been exposed to some form of carcinogen. In every case, after getting some facts which, I think, under the act, ought to be sufficient, we had to continue to watch our members die of cancer and we had to pile bodies. We are always placed in a position, in defending our members, of having to try to prove that the death was not from any reason other than exposure.

That is the complete reverse of what the act says in section 3, I think, where it says you are presumed to have had an accident unless the contrary is shown. Where we showed that there are facts and there is evidence that the exposure was work-related, that is not sufficient in occupational disease. You have to show that it is not the contrary, which is a complete reverse of what the act says. That is what the board has been applying in all of these cases.

We submit that the result of the unjust policy has been years of denial of workers' compensation benefits to which workers and families were really entitled. Really, what has resulted is a shifting of the cost from the employers, who are really the ones responsible through their compensation premium. A worker has an industrial disease and it is supposed to be covered. That shifts over to the taxpayers and to government programs such as welfare when that whole responsibility ought to have been on the companies where those workers were exposed.

In the gold mine situation, there is a very recent example to support at least what we are saying. Our union had evidence of increased lung cancer cases for at least 15 years, which we have been raising with the compensation board and fighting claims on.

As a result at least of some sufficient evidence, there was a study made by Dr. Muller, and I am sure you are all aware of it. It was really a study that indicated that we were not just screaming for nothing. In early 1983, Dr. Muller released his first study of the gold miners. His study in 1983 supported our union claims—I am sure you can get the study—and found that most likely the entire increase in lung cancer in both underground gold miners and underground mixed-ore miners is due to gold mine experience.

**Mr. Wildman:** Dr. Muller from the ministry.

**Mr. Carriere:** Yes, the ministry.

Now this is 1983. If you read the act, you would think that would be at least sufficient, that the workers now had a causal relation and there was an increase. The study shows that was the case. It would be our submission that this was sufficient to give the benefit of the doubt. Under subsection 3(3) of the act, it should have qualified miners who suffered or died of lung cancer for workers' compensation benefits. We submitted it would have been sufficient, unless the contrary was shown, not that it should go on so that we have to continue to pile bodies.

Yet the claims continued to be denied until a further study was made, again by the same Dr. Muller, which was released in July 1986. Again, all the study did was confirm the first study and support just more conclusively what was already known. Again, the compensation board continued to deny claims, and now there are two studies, both commissioned by the compensation board as one party. I think the Atomic Energy Control Board and the Ontario Labour Relations Board were the others. It does not matter. The compensation board was part of it. We have two studies, and yet claims are still denied.

What happens then is that the compensation board commissioned its own independent study of gold miners. They also then pawned this whole issue off on to the Industrial Disease Standards Panel. The industrial disease panel, with two Muller studies, one of them clearly concluding that lung cancer in miners was caused by gold mine experience, also elected to commission its own independent study.

So now we are going on. We have had since 1983 sufficient evidence, in our submission, to give the benefit of the doubt. We submit that



unless it should have been proven to the contrary, this ought to have qualified people. We go on. All of those studies, of course, supported what had already been found in 1983. It was only in 1988, five years after that first study was released confirming our position, that the Workers' Compensation Board finally accepted and started to pay some of these claims.

When that happened this year, the claims were paid only to surviving spouses in 1988 and there was no retroactivity, at least back to 1983 when it was found.

Just to show you what kind of saving that is, we submit that in 1983 people qualified, and a lot of these cases were miners who were exposed in the very early years, in the 1920s and 1930s. A number of widows have died from 1983 until 1986, when they qualified. That is all savings. Nobody gets qualified. The board does not go back and compensate the estates of families for that. It does nothing. It compensates only the surviving spouses. That is the kind of policy that is happening that we say is a problem.

There is an other example in that same criteria, and it is applicable to all industrial disease. If you go back to those studies, and I would urge the committee to do that, to get the two Muller studies of 1983 and 1986, both of those studies found that gold miners were dying of an increased rate of stomach cancer. Clearly, there is a problem with stomach cancer in gold miners. That has since been supported by the uranium mine study, which said that in the uranium mines, a large number of uranium miners—the uranium mines started in the 1950s and a lot of the gold miners went from the goldfields to uranium fields—all of those miners who had gold mining experience were all dying of stomach cancer at a much increased rate.

#### 1710

You would think that would suffice to qualify those people under the act. There is clear evidence from these studies that there is a relationship. It is our submission that, at least on the face of it, unless it is proven otherwise, the benefit of the doubt ought to go to those miners and families under the act as an occupational disease, but that is not the case. To date, none of those people who has died or suffer from stomach cancers in uranium mines is getting compensation.

We submit that when you read the act and the section that deals with industrial disease, section 122, and you tie that in with the definition of accident and apply that to section 3, you would

think that stomach cancer in gold miners is occupational disease and should be awarded.

Unfortunately, we know we will have continue to pile the bodies of stomach cancer victims and families will continue to suffer, and because of the policy, companies will be get away without having to pay the cost. All that will be pawned off to the government and to taxpayers.

The miners' experience is only, we submit, the tip of the iceberg. When it comes to occupational diseases, I guess the reason we can get something out of this in the mines is that mines are large locals and large bodies. We can get through the system and through some studies some evidence and some proof about this, as we did in uranium and in nickel and in coke ovens.

In small industries where workers are exposed to all sorts of hazardous agents, where you cannot pile 100 bodies and in small industry where you work with 15 or 20 people, you are getting the same problem. If you have one or two who die every two years maybe of a certain disease, if you tie it to the average, it is probably well above even what the miners experience, but it is more difficult. It is impossible in that kind of situation for those workers to get justice under this system.

We think that when we deal with lung cancer and the stomach cancers—and we have been talking now about mortalities—but compensation is supposed to pay not only after you are dead but if you are going to have a fatal disease occupational disease has a number of other forms. I think in the federation report it talks about the study on occupational disease. When you read that an estimated 6,000 workers will die, we submit that whether you are taking that high or low, there is obviously a great number of people who die of industrial disease who are not compensated.

That is small compared to the thousands and thousands of workers who do not die, who are disabled and who are disabled because of occupational disease and have absolutely nowhere to go. The way the policy applies, their only recourse is to rely on negotiated sickness and accident benefits that their union may get for them, wherever possible applicable government systems, such as social welfare and that kind of thing, and all that is because of the compensation policy on industrial disease.

We think that something has to be done so that the same thing should apply to industrial disease as applies to accidents in that, whenever there is any evidence that the disease could have



en caused by the workplace, workers have to given the benefit of the doubt at that time, until employers or government can prove otherwise and not the reverse.

That is my submission on the board's occupational disease.

**Mr. Wilson:** With the submissions that have been made by the members of this delegation, I think this committee surely now has a grasp of the scope of the difficulty and suffering many citizens in this province are subjected to as a result of treatment before the compensation board, and the legislation and regulation of the board as is presently constructed.

I would like to end our presentation with one note. Clearly, the assumption can be made, both relative and true, that inextricably the question of the lack of safety and health conditions in the workplace are linked to the numbers and the difficulties of workers' compensation.

If you look at the numbers submitted in our brief and what we have placed before other committees of this Legislature, the problem is not abating. In fact, the opposite is true; it is continuing to extrapolate.

I guess the question before this committee, in terms of your input in the Legislature and other members of all parties in the Legislature, is whether the question before you turns on a criterion that is simply one of economics; that is, to follow the position advanced by some, that the way one contains costs in the Workers' Compensation Board is to restrict benefits to workers who are out there in desperate need of those benefits, as you have heard today; or, secondarily, whether this committee is prepared to act in the Legislature, again in concert with other members of all parties, to bring about some controls which are going to let the Workers' Compensation Act and the board which administers it act in the interest of the working people of this province.

I really have some concerns in terms of what this board is doing as a matter of public policy and the response, or lack of it, I have seen to date from this Legislature in terms of dealing with that question. It is a fool's folly, I believe, to think that the workers you have heard about today and countless thousands of others you have not heard about today are simply about to evaporate or disappear out there on the horizon, nor are we to walk away from our responsibility to those workers, whether they be workers who are members of our organization or whether they be workers generally who have been affected by the conditions that have been articulated to you today.

I would appeal to this committee to do whatever is within its realm of influence; that if and when our assumption is correct that legislation is to be introduced into this House this month or perhaps in the fall, it would join with us in doing whatever it can, particularly members of the governing party, to make sure that the compensation act, the board and the whole administrative process is, first, more accountable to the people of this province through the Legislature; and second, that the act goes back to its original design and purpose, that is, to serve the working people of this province. If we cannot achieve that, we are in for some difficulties in the months ahead in this province.

Any of the members of this delegation would be more than happy to respond to any questions you may have.

**Mr. Chairman:** Thank you. There has been an indication of a question or two. Just so you know, this committee is reviewing the annual report of the WCB. This is not a full-blown investigation of workers' compensation in Ontario at this point. It is a look at the annual report, which the standing orders require or suggest we do every year.

Complicating that is the possibility of a new bill which, if it gets second reading before we adjourn—we are told it will probably get first reading in the next week or so, but that is just an introduction, basically—then it could be sent out to this committee for public hearings and so forth. At that point, of course, everybody we know of would be notified and asked to make a presentation to the committee on that bill itself.

That is where we are now with the whole process. At this point, it is in a state of flux and we do not know whether we are going to be charged with that responsibility in the next couple of months. That is where we are at.

**Mr. Wildman:** I would like to ask a couple of questions related to section 86n, particularly WCAT. That has been raised during our hearings a number of times. When Mr. Sorbara, the minister, and Dr. Elgie, the chairman of the board, appeared before our committee, I asked Mr. Sorbara directly whether he believed that WCAT could make independent decisions even though those decisions they know are subject to review because of the interpretation that the board has put on 86n. Mr. Sorbara's answer was a straight yes. He believed that the independence of WCAT was not compromised by the application of 86n. I would appreciate it if you might comment on what your view is.

1720

**Mr. Wilson:** I will ask Mr. White to comment, but just as an initial reaction, I think the difficulty we have there is essentially what we tried to lay out in our brief. That is that when one party is passing judgement upon another party's actions, it is very difficult to have that second judgement or appeal process subordinate to the original decision. The natural instincts are for the first moving party, in this case the board, to want to protect its position. If they have the legislative ability to enforce that, then they certainly do that.

Jack, perhaps you might want to comment on that.

**Mr. White:** The WCB has announced publicly that it intends to review 12 WCAT decisions yearly. That should tell you something. But already that figure is beyond 12, and when we questioned the board and said, "But hold on. At one time you said you were only going to review 12," they said, "Well, but all the chronic pain cases that we're reviewing are only one." So we can look forward to the board's looking at a whole number of WCAT decisions. As I say, that certainly tells you that WCAT is not the independent body we had hoped it would be.

**Ms. Shartal:** I would like to say two other things. On 86n, there are two other points. The first on 86n is that after decision 72, they have chosen to do 86n in private. One of the things that is really appalling for us in the workers' compensation system is that they have decided they are not going to hear from anybody on any of the 86n cases. They are just going to decide behind this—they do not even tell you who is going to hear your case. It is the powers that be. Somebody once described the WCB as pyramidal. On the top they talk directly to God and who are you to contradict them if they are talking directly to God.

The administrators are now talking directly to God and they will not tell you who is going to hear your case. They will not let you make a submission. If you have a workers' compensation case, you make your submission. If you have a unemployment insurance case, you make a submission. If you have an arbitration, you make a submission. You go and you argue something. Somebody has to listen to you.

On all these 86n's it is the only system we have in Ontario that does not allow someone whose rights or benefits are being questioned to have a hearing. You can have a hearing for immigration, you can have a hearing for unemployment insurance, you can have a hearing for certain levels of WCB, you can have a hearing for

wrongful dismissal and you can have a hearing for a grievance. You cannot have a hearing under 86n because they have decided, in their dire line, that they do not have to give you one. That is completely unacceptable.

In addition, they have stayed the benefits of the people who are presently under the system do not know of any other system that works like that. When you think about it, for immigration we do not throw people out and then give them a hearing. We let them stay, give them a hearing and then decide what we are going to do to them. The equivalent for WCB is that it is throwing everybody out and saying, "Afterwards you can write a letter and tell us why we really should give you what somebody else said you should have in the beginning."

**Mr. Wildman:** There is also no deadline. You have no idea how long it is going to take. While you are waiting for a decision—

**Ms. Shartal:** It takes them two weeks to type a letter right now within the WCB. I have been told by adjudicators the last couple of weeks that it takes them one week to 10 working days to move one piece of mail from the downstairs mail room at 2 Bloor Street to the integrated service unit file, let alone how long it is going to take them to do this stuff. And they are never going to tell you who did it. You have no recourse after that. So you send it to the Ombudsman.

**Mr. Wildman:** So the workers remain in limbo waiting.

You have indicated that, from your point of view, WCAT is not as independent as the labour movement and the workers had hoped it would be. This may be a question you cannot answer but I will try it anyway. Do you have any evidence or any indication that the WCAT decisions may have been influenced by the fact that the tribunal knows that unless the decision is acceptable to the board, it will be reviewed under 86n?

**Mr. Wilson:** I do not believe we have any evidence to that effect, but I would suggest to you that that may possibly be the end result if things continue as they are now. Surely if you are sitting on WCAT and you make a decision contrary to the first one made by the board, you have a question why you are bothering to make the second one.

**Mr. Chairman:** Hang on, Mr. Wilson. When Mr. Ellis, the chairman of the appeals tribunal, was here before the committee, he indicated quite unequivocally that he was satisfied that the present arrangement was working and that he did



see an alternative to having the right of the CB to review WCAT decisions. I do not think I am stating that incorrectly. He was quite clear on his opinion and he chairs WCAT.

**Mr. Wilson:** There are two difficulties with it. I am not questioning Mr. Ellis's response, but in my mind it would seem at least, first, Mr. Ellis sits as a member of the corporate board, as I understand it. At least he is on the 86n's.

**Mr. Chairman:** I think he is ex officio, not a voting member. But he is on the board, yes.

**Mr. Wilson:** Certainly, one would think he is an influential voice on that corporate board. I have a great deal of concern with saying that the whole thing seemingly works well.

First, if it is a matter of general policy or law, one of our difficulties here is that it would appear that the board in many instances makes policy without any public accountability. Second, if it is a question of law, then why would that process not follow what is accepted as a standard in our society, that legal questions are generally settled in some public forum, usually a court?

That being the case, if Mr. Ellis feels threatened, he does not represent the views of most workers in this province. There is a great deal of concern. When WCAT was constructed it was described by the government of the day as providing workers with an opportunity to appear before what in effect would be a lay court where they could talk about not only the finer points of law, but also the impact upon them as individuals in our society and what effect that has upon them and their lives.

We have indicated to you that one of the difficulties is, and I say this with great respect to all in the legal profession, that we really have developed another make-work project for lawyers, in that we have people dealing with WCAT issues now. I am sure brother Crocker, Jack and Sarah and everybody else here can talk about that.

When you start trying to represent workers before a forum and the opposition or the counsel for WCAT is quoting case law from Arkansas, West Germany and Mississippi, I do not think we are really equipped to deal with that. I would hardly call that a lay court. So we have reservations about WCAT.

The principle of WCAT is sound. Let it remain a lay court, much as we have evolved in our industrial relations system with arbitration cases, where the parties go and as simply as possible try to determine whether or not equity and justice within the framework of existing policy and principle have been achieved. If they have, then

let the appeal stand; if they have not, then it is another matter.

It really is ludicrous and I will finish on this point. It is almost, as Sarah has pointed out, as if WCAT were the highest court in the land. Say the Supreme Court of Canada and the Ontario court were to represent the Workers' Compensation Board. What parallel in legislation or law is there where the Workers' Compensation Board makes the decision and then the appeal court is subject to the lower court's review? It is a ludicrous situation.

**Mr. McGuigan:** I just want to make a comment while we are having this very enlightening discussion. I recall asking the chairman of WCAT about the same process. I think his answer was that each side's decisions influence the other. The decisions of WCAT had caused the board to shift some of its positions and vice versa, which is only a natural, human thing to occur. The point I want to make is that it is not all one-sided.

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**Mr. Wildman:** Yes, he did say that. As a result of some of the decisions of WCAT, decisions being made by the board will have shifted and there will be less need for those same kinds of appeals to go to WCAT.

**Mr. Wilson:** I agree, Mr. McGuigan. There are cases where that is undoubtedly taking place.

**Mr. Wildman:** The other thing Mr. Ellis said, as I recall—I have to check the record—was that the statements he was making were personal statements, not necessarily as a representative of all the members of WCAT, because the chronic pain review was ongoing and WCAT would have to deal with whatever the result of that was when it happened and figure out what position it was going to take. So he was quite tentative in the way he made his statements.

I would like to ask about two other areas, one on rehabilitation and the other on occupational disease. In regard to medical or vocational rehabilitation, do you see any improvements at all in the rehab programs of the board? We had Dr. Elgie and then we had representatives of vocational rehab before us who pointed out that they had something like 6,000 cases referred to them last year and they had dealt with 3,000 and some. I cannot remember the exact numbers.

**Mr. MacDonald:** One thing I could bring up about rehab is that it certainly is one of the very strong points with the iron workers union and the construction industry. I can tell you that in my experience with the rehabilitation system I have



not had one person, not one, in all the people I have dealt with over the past four years, who has received a job that went through the system of rehabilitation at the Workers' Compensation Board.

But I can well document the number of people we have put back to work through our rehabilitation system. That is why I am saying that we are better qualified to rehabilitate our own people, because with all due respect to the rehabilitation officers, they do not have any idea what a construction worker is. Basically, the best thing they can offer is a job as a cleaner in an apartment building. They send you to Local 183 and that is funded by the compensation board. They send you to Local 183 and then you take a six-month course and then it is goodbye.

**Mr. Chairman:** What is Local 183?

**Mr. MacDonald:** That is the Labourers' International Union of North America.

**Mr. Chairman:** Oh, I see. OK.

**Mr. MacDonald:** That is a fact. They just have not put one of our people back to work, not one.

**Mr. White:** If I could add to that, you will be hearing from the Canadian Union of Public Employees, Local 1750 about the whole Downsview rehabilitation centre question. It is our contention that Downsview has been used as an assessment centre as opposed to a rehabilitation centre. Local 1750 will undoubtedly be urging that we attempt to change that system.

One of the things that we find within CUPE, because we deal with schedule 2 employers primarily, is that if you are a school board employee, a custodian for example, and you are injured, it is the rehabilitation counsellor who approaches the employer and says, "This worker needs rehabilitation and retraining." That employer says: "Not me. Why should I put out money when it is not coming out of the accident fund? It is coming out of my pocket." We have great difficulty in that regard. I have raised this on many occasions. The rehabilitation system just does not work in this province.

**Mr. Chairman:** We are hearing from CUPE Local 1750 on Monday afternoon.

**Mr. Crocker:** One of the other areas that I think we have to look at when we are looking at vocational rehab is the actual manpower situation. In all fairness to the vocational rehab workers, I do not disagree that what the vocational rehab people do is limited.

For the people who represent the industry I work in, we have one person and supposedly that

case load is over 100. If you take a look approximately 20 working days in any given month, how does that person even make a phone call to the worker supposedly being rehabilitated in a month? Just to make a phone call, let alone any kind of personal consultation or make arrangements where you can sit down with an injured worker and actually discuss lifestyles and what the future holds for him, is a virtual impossibility.

In most cases, the VR counsellors have to drive out to the worker or arrange for the worker to come in to see them and spend a few minutes. There just is not enough time. Case loads are absolutely out of line. Certainly when you are dealing with over 100 people, to get a decent phone call in once a month is enough. That is certainly is woefully inadequate when we are dealing with any kind of vocational rehab.

**Ms. Shartal:** I have got a whole bunch of specific things when it comes to rehab. The first is that we found in the last two years that vocational rehab adjudicators seem to change every two to three weeks on a case. They never know who is going to have it next week. They are always relearning the file. In addition, they moved at the board from the two-claim copy of the claim system to the one-claim copy of the claim system.

It used to be that vocational rehab adjudicators kept their own copy of a claim file, which meant that they could authorize things and they could deny things. Some time in the middle of last year, because of the policy's benevolence, they moved to the one-claim file. What does that mean? It means there is only one copy of your claim at the board now.

Let's say I am in the middle of dealing with somebody's case and that person is on vocational rehab but you end up with a pension problem or you end up with an adjudication problem. The claim gets pulled away from adjudication and pensions. In the meantime, vocational rehab cannot authorize anything. They do not have the copy of the file and the person's benefits and service get cut right in the middle. That they have done in the last year.

Further, their whole principle is that they will only offer horizontal rehab. What it really means is nine times out of ten is that they are just limiting unemployment insurance people who say: "I am out and find yourself a job, preferably at minimum wage."

Then you get into the new subsection 45(2) the new changes, which is really the catch-22. You can only get supplement to continue your vocational rehab if the pension officer decides that you

not earn 75 per cent of your pre-accident earnings and your pension.

What it does in practice—because it has got the 75 per cent limit and it is not a job you have, it is a job you might get—is that for low-wage workers for high-wage, part-time workers—and we have a lot of high-wage part-time workers—you do not pass threshold. We have been through these appeals in which they will say: “Yes, you do not pass the threshold on subsection 45(5). We will not give you supplement, but you can still get rehab services.”

They do not understand how people can take advantage of voc rehab if they have no money in the meantime to pay their rent. At the same time, they are subcontracting to places like the Peel Assessment Centre. What do they do at the Peel Centre? They assess somebody for work. The assessment test is eight hours a day in light industry. They have them sorting things, assembling panels and tying ropes. Somebody with an injury cannot do eight hours a day in light industry.

What happens is that they are deemed unemployable. If you are deemed unemployable, by definition you cannot be rehabilitated. You cannot get the supplement. You cannot get benefits. You are stuck with your benefit rate. It is like they have set up a straw man. If you cannot get the test, they do not have to give you any rehabilitation. They did all this in the last year and a half.

**Mr. Wildman:** It is interesting because when rehab people were before us, I gave them a very extreme case of something that we have a lot of in my part of the province, as Mr. Carriere will be able to attest to. I used the case of a logger. You could use a miner. It is the same thing. A francophone, grade 5, 40 years old, 45 years old, breaks his back and can never go back to the bush. What do you do with him? How is he going to be rehabilitated?

I think it is fair to say that the representative of rehab people who appeared before us said he thought that case was a very interesting one and would like to look into it but he did not really have a response.

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I would like to ask one other question with regard to the occupational disease issue. Basically what you are saying is that the benefit of the doubt should be provided to the worker, so if there is evidence that seems to indicate that exposure to a certain type of workplace might be related to a disease, benefit should flow to that

person or to his family until there is evidence that it is not related.

**Mr. Carriere:** Sure.

**Mr. Wildman:** OK. You used the example of the stomach cancer studies. What position has the board taken that it uses to justify the failure to extend benefits to gold or uranium miners who have contracted stomach cancer?

**Mr. Carriere:** Their position is that the study they have, although it leads in that direction, is not sufficient and that further studies are required. In other words, the board decision is: “You have to continue. You cannot just show that there is a relation, you have to prove it.” In other words, you have to take some other studies to prove conclusively that it did not happen in any other place. In other words, it is the reverse.

**Mr. Wildman:** It might not be related to something else.

**Mr. Carriere:** That is correct. If you look at the Muller study in 1983, that second study was for two things. The first one had clearly indicated that there was an increase in lung cancer that was related to the mine. The second was to establish whether the cancer was caused in the mine, and also to find whether there were not other causes like smoking or lifestyle. In other words, they were commissioned to try and prove not that it was, but that it was not, work related. It should be that until it is proven otherwise, then the benefit of the doubt is that it obviously must be from the industry.

It is the same thing with any smaller industry. It does not have to be lung cancer. It could be anything and any respiratory problem that you have. If there is a chemical you are exposed to and we know there is sufficient research, whether it is animal research or whatever, that shows that exposure to that chemical causes a certain disease, and you prove that the worker was exposed to that chemical and he does have that disease, that should be sufficient. He should not have to prove it and we should not have to wait until so many people die and we pile up bodies. The board in this case says, “We need further studies because you have to prove that.” We know it has increased.

**Mr. Wildman:** As I recall the Muller study, it indicated that there was a specific numerical increase in the number of lung cancers related to exposures, and when that was combined with smoking, for instance, it went up even higher. So the smoking argument could be used, but it still did not destroy the argument of its being related to the work.



**Mr. Carriere:** They researched two things. They researched smoking and found that smoking had nothing to do with the increase because they compared the group with nickel miners. They found that nickel miners smoked just as much as gold miners and nickel miners did not get that increase. That is one study.

The other thing was lifestyle. For stomach cancer, there was that argument that a lot of countries have a higher increase in stomach cancer for whatever reason, what they eat or something. They found that with stomach cancer, the majority of them were not European but were workers who came from America. So those two things went out the window.

**Ms. Shartal:** I want to mention something that was brought to my attention recently, which is absolutely absurd when it deals with industrial diseases. They will only pay for an industrial disease claim if you are disabled; if you are so sick you cannot work.

The question came up with the claim of a friend that I was looking at. They have been sensitized to something. They are completely well. They just cannot go back to work. If they go back to work they are going to get incredibly sick. It is the same problem we have with recurrences. They say: "We won't pay you now. However, if you go back to work and you get incredibly sick, then we will pay you."

**Mr. Wildman:** It is like silicosis.

**Ms. Shartal:** "We won't give you rehab. We won't retrain you." I have this all the time with recurrences. People mostly go back to the plant. Their arms are going to fall off, but the board says: "At this point you are fine. Unless you are in bed and unable to move, we will not pay you, so go back and make yourself sick."

**Mr. Wildman:** Yes. We raised that with them too. There was one case that I pointed out of a worker who developed asthma related to the workplace. As long as he is not in that workplace, he feels fine, but he knows if he goes back, he will have respiratory problems. He cannot get compensation because when he is not there he is OK.

**Mr. Wilson:** If I may interject with a comment, I think this is probably the most alarming area that will impact upon workers' compensation. Our data and our research have shown us that in this province alone, there are approximately 70,000 substances in workplaces of varying levels of toxicity which are detrimental to the health of workers. This is part of the difficulty we face with the compensation board.

If you go back to the days in which the board was first constructed, workers died of consumption and black lung. That is what everybody died of. If you were not killed on the job, that is what you died of. Technology has researched that to a much finer degree today. The preoccupation with activities in the board is still basically accident, but, more clearly, what we are now finding is that workers are injured through disease as well.

From a worker's viewpoint, it makes little difference whether he fell off a ladder and broke a leg or whether he was inculcated with some substance that again rendered him unable to work. This whole area of industrial disease is one that I think is giving rise in part to the resistance to the WCAT decisions as they come down the road. It is conjuring up a considerable lobby around the question of cost of operating the board and benefits to workers and why the pressures within the structure to deny workers benefits because they are too costly.

There is this whole cost containment aspect rather than looking at it positively in terms of the way that work is structured, such as other jurisdictions in the western world have been able to achieve by finding ways in which people can work where these accidents we are talking about these kinds of effects they have on our bodies are taken away. That process is then removed and therefore, people can work without injury. Rather than spending money on ergonomic research or care in the workplace, it seems that the tactic that we are going to be able to correct costs containing benefit levels of workers.

What I am trying to signal, and we are signalling collectively here, is that the industrial disease that we have seen and identified to this point is, I really do believe, simply the tip of the iceberg. Five years from now, if we do not manage to begin to correct those situations, in manufacturing or in mining or in the public sector wherever they may be, construction included, there will be one heck of a bill to pay by this province.

There are some, I think, who hope that workers will give up. I just do not happen to think that is likely to happen.

**Mr. Chairman:** A couple of members have questions. We only have a couple of minutes left, so I wonder if we could go to those questions; then, if there is time, we can make other points.

**Mr. McGuigan:** I am very interested in what Mr. MacDonald was saying about the real efforts that the iron workers made and how they made placements that other people could



e. I marvel at someone in an office who has done construction work or mining work self-determining that someone can move to a rent job. That really confuses me. I wonder you could tell us how you have done this?

**Mr. MacDonald:** As I pointed out, and I do have a copy here of a presentation that was given regarding the Majesky report, basically what we're talking about here is that the iron workers' job is a unique trade in that, as I pointed out, we have a variety of work.

**Mr. McGuigan:** I see them here in Toronto at construction jobs.

**Mr. MacDonald:** For example, if somebody is working on a structural steel job and injures his leg or his elbow or whatever, then what we do is to train him as a welder or retrain him to work on overhead doors or what have you, because we have that variety of work.

That is why I am saying that when I go to the compensation board and I meet with a counsellor that particular counsellor does not have any idea of what that type of work is all about, what that variety of work is all about and what our good relationship is with the something over 500 companies we look after.

We can get those people to work in shops. We get them out on foremen's jobs, this type of thing. We feel that we are much better qualified to get these people out to work on good, respectable jobs and not as parking-lot attendants at that type of thing.

**Mr. McGuigan:** That certainly sounds great, though it does strike me that perhaps it is a little harder to do it within that iron workers group than with the others.

**Mr. MacDonald:** I am the iron worker representative full-time on compensation and the worker adviser for the iron workers, so I am actually speaking for the ironworkers. I cannot speak for the rest of the construction industry. I do not have that authority. But I do have the authority for the iron workers that we are doing a good job of putting our people back to work and retraining them.

**Mr. McGuigan:** I certainly commend you. I might up the case, like Mr. Wildman, of the lumber-forest worker, the truckdriver who becomes incapacitated, cannot drive a truck any more and has minimal education. How do you get that guy behind a computer or whatever?

**Mr. Wilson:** If I could comment, in two ways: first—and probably the history will bear out this comment—I think the reason the iron workers

went the way they went is because they were not getting the kind of satisfaction they got with regard to rehab under the legislation and its implementation.

Second, on the positive side, I do not believe it is necessary for us in this province to reinvent the wheel. There are a number of jurisdictions, generally in western Europe and Scandinavia, which have devised ways of making people useful in the process of work. In the example such as you have raised, Mr. McGuigan—and I am sure you would agree with me—the object is to get people their dignity back by putting them usefully back in the economy as workers who can continue to provide for themselves and for their families.

We accept also, concurrent with that, that most accidents that happen in the workplace and most diseases that are contracted are not really the individual's fault, by and large. Those things are not planned. It is usually the circumstances in a situation which create them. I think we ought to be turning our minds to looking at the experience of others, and what can be done with that truckdriver in the forestry industry. How can that person be gainfully employed?

We should be getting away, departing from the numbers game, departing from the containment game; we should focus on the worker and say that our job is to get that worker back to work. Now what does it take to do that? What skills do we have to provide that person? What training is required?

In some cases it may be of short duration; in some cases it may be a year. But if the objective is to get that worker back in terms of how our economy works and how our government works, I think, when you look at the numbers at the end of the 10-year experience, we probably save the taxpayers considerable dollars in this province because we are able to do that.

**Mr. McGuigan:** I just want to make another pertinent comment, but it is nearly six o'clock.

**Mr. Chairman:** Mr. Villeneuve had one question, so as long as you leave him enough time.

**Mr. McGuigan:** In reviewing health and safety in the mines, we came across a number of mine owners or managers of mines who boldly stated that safety pays. Just simply on a dollars-and-cents basis, setting aside the human side of it, which is very important, just on a dollars-and-cents basis, a number of them said that safety pays.

**Mr. Wilson:** If I could interject, in the same way preventive health care in society pays in terms of reduced health costs.

**Mr. McGuigan:** What I am coming to is we may be seeing a little different attitude in modern management than occurred with these cases that built up over the years which you are now dealing with.

**Mr. Wilson:** I would agree with you, if we could revise that to modern encouraged management.

**Mr. McGuigan:** Enlightened management.

**Mr. Wilson:** I am not making light of the situation. I am sure Mr. Carriere can speak chapter and verse on this. But if you take Inco where it was 10 years ago and talk about Inco where it is today, notwithstanding the difficulties of the past year with regard to fatalities, it has come a considerable distance.

But a lot of that was because Inco finally realized it had a problem with its workforce and the union was pressing very hard. I am not beating any drums here. It was a fact. Then the two of them sat down co-operatively and worked their way through the problem. I am sure Mr. Carriere concurs with that.

**Mr. McGuigan:** I was visiting a plant within my own riding where I had intervened on a health and safety matter. I am not going to say where, but I had intervened and the Minister of Labour (Mr. Sorbara) went in and cleaned it up. I was visiting the manager and I do not think he knew I was involved, and he was telling me how their great health and safety program was working. He was very proud of it and said it was now working.

**Mr. Wilson:** There is a long way to go.

**Mr. Villeneuve:** There are two different areas here that concern me. First of all, what is the average waiting time for an appeal?

**Mr. White:** One year.

**Ms. Shartal:** That is to get a hearing. That is not to get a decision; that is to get a date.

**Mr. MacDonald:** That is to get a date for a hearing.

**Mr. Villeneuve:** Has this been aggravated over the last period of time, in spite of some regional offices being opened? That has not solved the problem?

**Mr. Crocker:** To a degree, the regional offices have caused a little problem because they then introduced another appeals system where the first stage of appeal is to go back to the claims adjudication centre in the regional office. After that, there is no automatic review.

Now you sometimes have to write three letters instead of the one. Where we used to write one letter requesting an appeal date, now we have to

resubmit to the claims adjudication branch in regional office. If it is not successful there, then do not automatically send it down for decision review.

You have to send another letter in request that it go to decision review. If it was successful there, in the old days, they used to automatically to the hearings branch, and now that does not happen. They refer it back to you and you have to write yet another letter. So it becomes a bit of a cumbersome process.

It is a catch-22 also. I welcome the opportunity to have claims reviewed in London because some of them are successful there. But, by the same token, it is a shame that it is not an automatic process. If it is not successful at this level, then send it on to the next level automatically. That is definitely not happening.

**Mr. Wilson:** A footnote too and an important one I think: Remember that the other aggravating factor is the sheer weight of the numbers which are abating. They are increasing.

**Mr. Villeneuve:** Coming from the far east part of the province, we appreciated getting to the Ottawa office and thought it would have solved a lot of our problems. It may have solved some, but I think I can echo what you are saying, knowing a great deal about the system.

Another area that concerns me is rehabilitation. It is a double-edged sword. I think I know the member for Algoma (Mr. Wildman) came out with a scenario very close to what we have run across. This man has lower-back problems, as many people in the area that I come from and maybe right across the province have. He can sit and drive a school bus for an hour or half twice a day and get away with it. He can do the job he was doing before.

However, the compensation people have come along and said, "You must take rehabilitation be cut off from the \$250 a month," or whatever the small amount is. It takes all the financial resources that he has, including the token amount he gets from WCB. He was forced to take rehabilitation. That is the other edge of the sword we were talking about. He is at the peril of losing his gratuity or the amount of money he is receiving from WCB and also there is a likelihood that if indeed this does not get him his job, which is highly likely, his job as a school driver is in jeopardy.

Do you have a comment on that? What are the rights?

**Mr. Wilson:** Let me start with a general observation, because you have touched on a very interesting point. If one takes a worker like the

will say, who was injured in a car accident, design of the rehabilitation process would be considerably different because it would be an individual design to fit that worker's situation, to get him back to a rehab position. I think you would agree with that.

The other process I guess that is always a culty, and others will comment further, is one of the views, it seems, of the compensation board is similar to what we did in the First World War. They gave everybody the same size helmet because they picked the general size said, "That fits you." If it was a little snug, oh. If it fell off your face, tough. The reality is they were only going to make one size of helmet.

I think what we have here is a policy like that, which says: "Here is a guy who gets caught in the works. He is different from the norm and yet nobody adjusts to him. He has to adjust to it." That is part of the problem we have.

**Is. Shartal:** The short answer to that is, of course, that is the way it works. You can refuse the job and appeal it, but that is going to take you several years.

You have the other cases, and I am sure all of these cases like this, in which the employer is trying to cut his costs. He says, "Sure, I will take everybody back for light duties," and makes up a dum-numbing idiot job. I have ones in which I tell someone, "Count all the birds" or, "Climb up this long ladder and watch everything that falls down for eight hours a day."

This is their rehab because the employer has reduced light duties. If they refuse the job, we can't appeal it. We will not win it at the WCB. There are precedents to win it at the WCAT. To get to the WCAT takes two years. In the meantime, the worker has no benefits.

**Mr. Wilson:** I want to come back to the point I made and I will not dwell on it, but it is very important because it deals with the attitudes that seemingly emanate towards workers from an institution of this province in which we live: An injured worker, injured at work, is dealt with significantly differently from anybody else in our society who is hurt in any other fashion, whether it be in a car accident or whether you fall down your own stairs in the middle of the night, whatever the case may be.

The attitude towards dealing with that individual is considerably different from the attitude towards the worker who is hurt at work. It seems to be that what we do with workers at work is try to get them back as fast as we can and in whatever shape we can get them back in, whether it lasts or does not last. Then if it does not last, what we do is try to find a way to knock him off the list.

What we are putting before this committee today as part of this process is that that attitude has to change. I want to come back to the point I made earlier. It is linked inextricably to the attitudes about what our workplaces ought to be. Because if we can clean up the workplaces like other countries have done, you would just see those compensation numbers fall right off the cliff. They will come down immensely. We have to get to that point.

**Mr. Chairman:** Mr. Wilson, I thank you and your colleagues very much for coming before the committee.

**Mr. Wilson:** It has been our pleasure. We thank the members of the committee who were here to listen to us on this very important issue.

The committee adjourned at 6:04 p.m.



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### STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Villeneuve, Noble (Stormont, Dundas and Glengarry PC) for Mrs. Marland

**Clerk:** Decker, Todd

**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:**

**From the Ontario Federation of Labour:**

Wilson, Gordon F., President

**From the Canadian Auto Workers:**

Crocker, Jim, Chairperson, CAW Council's Workers' Compensation Board Committee

**From the United Food and Commercial Workers International Union:**

Shartal, Sarah, Research: Benefit Officer, Local 175/633

**From the Canadian Union of Public Employees:**

White, Jack, National Representative

**From the International Association of Bridge, Structural and Ornamental Iron Workers**

**Local 721:**

MacDonald, Herb, Adviser, Workers' Compensation

**From United Steelworkers of America:**

Carriere, Norm, International Representative, Health and Safety Co-ordinator



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No. R-15

# **Hansard**

## **Official Report of Debates**

### **Legislative Assembly of Ontario**

#### **Standing Committee on Resources Development**

Annual Report, Workers' Compensation Board, 1986

#### **First Session, 34th Parliament**

Monday, June 13, 1988

Speaker: Honourable Hugh A. Edighoffer

Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, June 13, 1988

The committee met at 3:35 p.m. in committee room 1.

After other business:

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### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** This afternoon we have the Council of Ontario Construction Associations. First of all, Mr. Dolson, welcome to the committee. We would appreciate it if you would introduce your colleagues.

#### COUNCIL OF ONTARIO CONSTRUCTION ASSOCIATIONS

**Mr. Dolson:** Thank you. On my immediate right is George MacDonell, president of the Council of Ontario Construction Associations. On my immediate left is Carmer Sweica, the chairman of our workers' compensation committee within COCA. On my far left is David Frame, executive vice-president of COCA.

To begin with, I just want to update you a little bit on what COCA is and how big the construction industry is in Ontario. After a few minutes, George MacDonell will show you the presentation we have on the Workers' Compensation Board.

The size and importance of the construction industry is indicated by the fact that the annual volume is \$20 billion per year in Ontario, with 10 per cent of the gross provincial product and seven per cent of the provincial workforce, encompassing 336,000 employees in construction alone. You can see there is a total payroll of approximately \$10 billion and the taxes paid out of every dollar in construction amount to \$3.4 billion; reasonable figures for the construction industry. You will all get a copy of this, by the way.

The next is a list of the members of COCA, which includes local mixed associations, which are associations from the various cities all around the province; and the Ontario trade associations, which take in subtrades and have specific interests of their own. There are 45 associations within the group, representing approximately 900 employers with payroll in the neighbourhood of 75,000 to 80,000 only within COCA. We have a long way to go yet to bring in more

members to COCA, and that is coming on stream.

We feel we have some concrete objectives within the organization, and I do not think anybody can argue with these objectives. The first is to ensure the profitable growth of the individual firm and a reasonable return to the owners and investors. I am sure you are all appreciative of the fact that unprofitable firms do not pay taxes. The second is to continue to improve the standard of living of industry personnel and health and safety in the workplace; and the third is to supply construction consumers with high-quality products and services on an efficient, internationally competitive basis.

Now I am going to turn it over to George MacDonell, who will show you the balance of it. I think you will be a little bit surprised by some of the figures you are going to see.

**Mr. MacDonell:** I will start by showing you the rate groups that make up the Ontario assessment of \$64.5 billion for some four million workers in the province. You see here that construction is one of the larger segments, this being—

**Mr. Chairman:** We are having trouble picking you up on Hansard, and we really like to have a word-by-word transcript.

**Mr. MacDonell:** Would you like me to wear a mike?

**Mr. Chairman:** We do not have one here. Is it possible to sit here or on the other side and go through it?

**Mr. MacDonell:** I think so.

**Mr. Chairman:** Can we try that, anyway?

**Mr. MacDonell:** Yes.

You see here that construction is one of the big segments. In this group would be firms like General Motors. Almost all of these groups except construction are inside workers where the worker has a long-time association with his company. As you can see there, we represent about 7.2 per cent of the total payroll.

Here we would like to review with you the total number of accidents per 100 workers compared to the rest of the province. The legend is blue for construction and the "non-CI" stands for "nonconstruction industry."

What it shows is that since 1966 there has been a steady improvement in the accidents per 100 workers. There has actually been, during this period of time, about a 47 per cent reduction in the number of accidents per 100 workers. While the rest of the four million workers have shown some improvement, unfortunately there is a trend upward here in the last few years. But 1987 is not shown here. We now have the 1987 figure, and it will show a further reduction to about this point. We have made some real progress.

I know you are going to ask us the question: that is fine as a ratio for 100 workers but what about in total? This chart shows the number of total accidents for the nonconstruction segment, showing this sharp, unfortunate blip up. But despite the growth in the construction industry, as you can see, we have fewer accidents today in total than we ever did have. If you look at things like fatalities, admitting that even one fatality is too many, we have had a 60 per cent reduction.

**Mr. Chairman:** Excuse me. How many employees are in the industry?

**Mr. MacDonell:** In our industry there are approximately 336,000.

**Mr. Chairman:** What is the difference in the last 20 years in that absolute number?

**Mr. MacDonell:** You see, there is an absolute reduction from 50,000.

**Mr. Chairman:** No, I mean numbers of workers.

**Mr. MacDonell:** The number of workers has gone up, probably in the last five years, by 50,000 to 60,000. There has been quite an increase in the number of workers. That is why, of course, we showed it on the basis of the accidents per 100 workers, so you could keep that in balance. I think that between the accidents in absolute terms and per 100 workers we have made some dramatic improvements.

One of the questions you are going to ask us is the performance of the construction industry against the major rate groups. There you see the big groups: hospitals, utilities, farmers, pulp and paper, industrial and transportation; and showing over here is the construction industry in blue. Compared to those major rate groups, you can see that mining is better than it was and forestry has made a great improvement, but there has been no improvement to compare with the performance of construction.

That is the background on our performance compared to our own past history and compared with the other major groups in the province.

Here we have the claim duration of construction workers. What this shows is that, back in 1969 and 1968, we had the average claim duration for an injury at 29.3 days. This has risen until 1986 and we now have close to 99 days. When you consider that a construction worker is paid, at today's rates, approximately a 50 per cent bonus, this becomes a serious problem for employers and to workers alike.

**Mr. Chairman:** I do not understand the value of the "bonus."

**Mr. MacDonell:** For every dollar that an average worker in the province earns, a construction worker earns \$1.50.

If you look at what is sort of the bottom line, the cost of compensation to the province, you will see here that in the period 1970 to 1986, in comparison between the nonconstruction industry employers employing about four million employees and the actual cost of an injury to the construction industry, construction costs have risen from about \$1,700 per accident to a little over \$17,000 per accident.

If you then compare construction performance with the nonconstruction performance, keeping in mind the rapid decline in the number of accidents, it seems that we have a very serious problem here. If you look at the slope of the curve, you can see that the curve, if not for the changes, will double the costs in four years.

**Mr. J. M. Johnson:** Just on a point of clarification: What do you mean by average cost per injury? Which costs?

**Mr. MacDonell:** You take the total number of injuries and divide it into the total cost of injury for each of those years.

**Mr. J. M. Johnson:** What does "cost" mean?

**Mr. MacDonell:** All of the costs associated with that injury.

**Mr. J. M. Johnson:** Medical?

**Mr. MacDonell:** Medical.

**Mr. J. M. Johnson:** Retraining?

**Mr. MacDonell:** No, there would be no retraining.

**Mr. J. M. Johnson:** Just medical?

**Mr. MacDonell:** Just the cost of the administration and all of the costs associated with injury as reported by the worker's compensation annual report.

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**Mr. Brown:** I just wondered, are we talking in real dollars or are we talking—

**Mr. MacDonell:** Yes; I would like to deal with that in a minute. Real dollars would—inflation would be about here, but I will show you the effect of inflation later on in two senses, one for the province as a whole, because there are factors, like inflation and new legislation promulgated by the House, which will affect the costs of the course. I think the committee will be very concerned about that slope and very concerned about the fact that we really do not understand why this has come about or why it has come out.

Because each employer has other obligations for other programs, even though those programs may be federal—

**Mr. Chairman:** I am sorry to interrupt you again, but to go back to that chart, if the average length of time off the job has tripled in the last 20 years, which would mean more severe injuries, why would you be surprised at the cost going up dramatically as well? Is that not the explanation?

**Mr. MacDonell:** Yes, but this has gone up so much faster.

**Mr. Chairman:** Faster than the length of time?

**Mr. MacDonell:** First, we do not understand the reasons for that, because the severity of the accidents has declined.

**Mr. Chairman:** But they are not recovering very fast. They are off for 98 days.

**Mr. MacDonell:** Yes.

**Mr. Chairman:** That is the average, right?

**Mr. MacDonell:** Yes.

**Mr. Chairman:** Then it is inevitable that the costs would skyrocket. That is three times, is it not?

**Mr. MacDonell:** Yes. In our case, they are up 100 per cent; one is 300 per cent and one is 500 per cent.

**Mr. Chairman:** I see. I will not get into the argument with you on dollars, but is that 1,000 per cent in constant dollars?

**Mr. MacDonell:** We will deal with that next.

**Mr. Chairman:** OK.

**Mr. MacDonell:** Because we have a federal responsibility too, we have looked at the increases in the red hatch here, in Canada Pension plan, and in the orange hatch, unemployment insurance. Then we have looked at the excess cost of workers' compensation over inflation, which is shown here in the blue column.

Here, if you add the employer's contribution—which in the case of workers' compensation is 100 per cent and the other is on a shared basis with the employees—you see an increase which is doubling every three and a half years. As far as we can see, the federal authorities do not consult with the provincial authorities about this matter. It looks now, as we now have the 1987 results, as if we have gone from about \$300 to \$3,000 per employee for these three programs.

We would like to show you what the organization is doing in its work with the Workers' Compensation Board. We work very closely with a large committee under the chairmanship of Carmer Sweica and have a very close working relationship with the board. In the past we have been working with many projects, but these are three of the most important: the CAD-7 experience rating system; the creation of the construction integrated service unit, ISU; and the monthly payment of premiums based on actual payroll rather than quarterly payments based on estimated payroll.

If we look at our current program with the board, you see that we are working with a proposal to restructure the construction rate groups to better reflect current levels of risk in the industry; we are participating in the advisory board of the ISU; working with the specialized rehabilitation services to develop a modified work manual for construction; making recommendations and working through a special committee to reduce revenue leakage; and last, reporting the findings of our independent research related to the industry's safety program, accident duration and cost and effectiveness of current programs.

Last, we brought along a very abbreviated list of the major recommendations that we think you will be interested in. What we really are concerned about on the matter of workers' compensation is a rehabilitation system that gets injured workers back to work in a reasonable period of time and at a cost that can be sustained. Of course, what we are concerned about is that we have neither.

As we have shown you, duration of the claim has tripled and the costs are shocking, whether you include inflation or not. The construction industry is showing a steady improvement in accident prevention. No other group in that rate structure I showed you at the very beginning has these kinds of increases.

These are some of the things we think would be very helpful:



The first is the adoption of the wage-loss system, as recommended in Professor Weiler's 1986 report.

We heartily endorse, and we are deeply involved in, the workers' compensation rehabilitation strategy.

We believe in a legislated right-to-reinstatement system that establishes the responsibility of not only the employer but also the doctor and the employee.

The Council of Ontario Construction Associations also recommends that employers be encouraged to continue their direct support of injured employees by revising the act to allow the Workers' Compensation Board to develop and incorporate a system of voluntary deductibility into the system.

**Mr. Lupusella:** Can you elaborate on that last sentence?

**Mr. MacDonell:** Yes. That would allow the employer to keep the employee on his payroll for the first week so that the employer could become involved with the employee, either at the hospital or with his doctor, on what sort of treatment would allow him to come back. For the first week, the employer would pay his full wages and be accountable for all of the treatment and the relationship with the doctor. If the employee had a language problem or any difficulties, his employer would be able to work with the doctor or the hospital or whoever was involved—with his family, if necessary.

Our second-from-last recommendation is that a clear understanding of "an accident" and "compensability" should be established. This is a very open issue and no one is really clear as to what these words mean.

Last, we recommend amendments to section 104 to establish acceptable levels of debt-equity ratios for any rate group and for the system as a whole.

We have some other recommendations we are working with, but at the moment this summarizes most of those important to us.

**Mr. Lupusella:** Can I ask a question about the previous presentation—that is, the rating system which has been implemented in the construction industry? Is the rating system being implemented in the industry as a whole or firm by firm?

**Mr. MacDonell:** Carner, I think you are perhaps better qualified to answer that.

**Mr. Sweica:** There are 13 rate groups at the present time within the construction industry, so basically, I guess, the board has come up with a risk factor relative to those 13 rate groups. That is

the way they slot in the rates per \$100, whatever it is. As you will see or have seen, we have made a study through construction safety the risk factors within the rate groups. Through CAD-7, which is experience rating, we found there were a number of firms that should have been in one rate group rather than the other, expressing the risk factor from an insurance point of view.

What we have done is studied this and placed these different companies or whatever you want to call them into the appropriate, we feel, risk factor—in other words, a more equitable risk factor within the rate groups. Out of 13 rate groups we have come up with 11. We feel there is a right type of approach to take, and we have taken that to the Workers' Compensation Board to cost it out to see what effect it would have on the rates so that we get them at the right risk factors. The board is presently working on the cost; because we cannot get the cost, it is entirely up to the board.

**1600**

**Mr. Lupusella:** Did you not make a presentation before the board in relation to the rating system to penalize, for example, an employer with a high incidence of accidents to reduce the rating system for those who have a high incidence of accidents? What is your position in relation to that?

**Mr. Frame:** That is what CAD-7, the experience rating system, now does. It is voluntary. Every contractor involved in construction rate groups has to operate under CAD-7. Those with a positive experience receive money back; those with a negative experience usually surcharged.

**Mr. Lupusella:** Thank you.

**Mr. Frame:** If I can add a comment, I think it has been very successful. It has been in effect for three years now, and there have been significant reductions in accident frequency each year it has been in effect.

**The Vice-Chairman:** Is that accident frequency or reported accidents?

**Mr. Dolson:** It is accident frequency, because all accidents, in effect, are reported. If a firm goes to the doctor and the company has not reported it, then it gets reported by the doctor or the employer hears back through the board anyway, so they are all reported.

**The Vice-Chairman:** Does the medical report it as well if it does not involve lost time?

**Mr. Dolson:** Yes.

**Mr. Frame:** There are two separate levels of frequency, and both of them have shown significant decreases.

**The Vice-Chairman:** OK. Any other questions or comments?

**Mr. Haggerty:** I was interested in one of your charts that showed the previous accident rate and % lost going from 29.3 to almost 96 or 97. You seem to have come up with the numbers, but you have not come up with any reasons for the lengthy period of returning to work. Is it because they are related to the construction industry? Is it because there is not what you would call modified work involved because of the type of work involved? I mean, it is climbing, bending; I think of the bricklayers and blocklayers and the bending over all the time. Is it related to back injuries?

**Mr. Dolson:** There is probably a lot of it related to back injuries, but what we feel in most of the cases is that it is related to the lack of efficient rehabilitation to get the man back to work.

**Mr. Haggerty:** Whose fault is the lack of rehabilitation? Is it the fault of the Workers' Compensation Board or is it because of the medical treatment the person has received?

**Mr. Dolson:** We as employers feel it is the fault of the compensation board for paying out money too easily and too irresponsibly without getting the man back to work, without getting him rehabilitated in the proper way.

**Mr. Haggerty:** But surely the employee has been given the instruction from the medical profession. In most cases with a back injury, I imagine, he has gone to a consultant in this particular area, and his monthly or weekly reports have been forwarded to the Workers' Compensation Board. What you are trying to tell me is that you are not happy with the medical reports coming in, because I imagine the injured worker is going by what the medical profession is telling him.

**Mr. Dolson:** That is part of it.

**Mr. Haggerty:** Just by coincidence, I have a letter here directed to a physiotherapist, for example, and I thought it might be appropriate that I work this in here. Maybe we can find out more of the difficulties are. If I interpret the letter, it means there is going to be a further delay in having a person treated fairly by the family physician, or maybe the consultant. Anyway, it says:

"Under the authority of the Workers' Compensation Act, the board has the responsibility to monitor and control all treatment that an injured

worker receives. In administering the act, it is not the board's intent to disrupt or change this treatment, but rather to keep track of the progress and to regulate the costs as they apply to the claim.

"In most cases, the maximum benefit of physiotherapy," and I suppose this would apply to chiropractic treatment, "is achieved within the first eight weeks of treatment." So we are looking at 60 days there, you might say. "This cost will be paid by the Ontario Workers' Compensation Board and you may bill us directly. In some cases, your treatment may be expected to last longer than the normal eight-week period. If treatment is necessary beyond this period, it will require prior authorization by the board. Failure to do so may result in nonpayment of the additional treatments.

"Requests for extensions of treatment will no longer be accepted by phone." This was one way, I suppose, to get the doctor's message through quickly to the physiotherapist that he needed further treatment. "Effective June 1, 1988, the attached form letter should be used by your agency to request an extension of treatment. It is necessary to provide reasons for the request and the anticipated duration of further treatment.

"These form letters should be submitted to us two weeks prior to the end of the previously authorized treatment period.

"The worker's attending physician should be made aware of/have prescribed your request for an extension of treatment.

"If the extension is denied, you may wish to continue treatment on a private patient basis.

"If you wish further clarification, please contact...W. Bowman, team co-ordinator, claims adjudication services."

When I look at that letter, what they are suggesting is that the board is not satisfied with medical evidence being supplied. You are putting the worker in a position where he is caught, with the medical professional and the Workers' Compensation Board and, in fact, maybe even the employee, trying to get back to work perhaps much sooner than he should.

I think of the persons with back injuries. Some of them are receiving medical treatment, physiotherapy or chiropractic treatment, and now most cases are normally sent right back, we understand, to the same job that caused the original injury. I do not know if it relates to this in your particular industry, the construction industry, but you are putting him back to work on the same job. He has been taking medical treatment. Without conditioning the muscles to get back



into the workforce, you shove him right back there and he is back again on workers' compensation.

I would bring to the attention of the chairman that I find this letter rather provoking in a sense; it is going to cause further delays in the treatment of the injured worker. He is the one who is caught in this. I see no reason that there could not be a phone call from the family physician to the physiotherapist or the chiropractor saying, "Yes, he requires additional treatment." But if you end that treatment, when perhaps he is almost back on his feet, you are setting back that injured worker another four or five weeks before he can get back on the job.

**Mr. Frame:** I think you should look at that letter in the context of the system and how it is changing. Up through 1986 and 1987, the average time before an injured worker would receive vocational rehabilitation through the board was on the order of 17 or 18 months. It is extremely difficult for an injured worker in the construction industry to be off that time, then to receive treatment and to be brought back into any sort of condition so that he can come back into our industry. It was the major concern we had when we met with the Minna-Majesky task force.

What you see in that letter is an attempt by the board to, first, have a much quicker time period in which the worker gets treatment and to involve the doctor in the treatment process in bringing him back to work. We mentioned on our slides that we support the medical and vocational rehab strategy of the board. That is part of it. It is going to ask that the employers try to make room to bring a man back, but it asks the doctor to make commitments in terms of getting that man ready to be brought back to work, as well as the employee himself. We support that. It gets everybody involved in the system.

**Mr. Haggerty:** There is no doubt that it gets everybody involved, but—

**Mr. Frame:** We think, with that graph that is going through the top of the ceiling, approaching 100 days, that the proper use of that system should start to bring that graph down.

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**Mr. Haggerty:** What bothers me most in the letter is that it says if you are not satisfied and require additional treatment, you can go through the Ontario health insurance plan to get it paid for. You are putting the injured worker in a position where he has to make the judgement on the advice given to him by his family physician or

even a specialist in this area. What you have done here has probably put him in perhaps more of a conflict than anything in saying, "Now we're quite going along with what the medical profession is saying in this area." What the board is doing is challenging the medical reports that are coming in there now; but the poor guy who is injured, who gives a damn about him?

**Mr. MacDonell:** Our point, sir, is that we are not getting efficient, effective, quick rehabilitation of injured workers, and that is one serious drawback. The costs are accelerating at such a rate that, per injury, they are doubling every five years, if you look at the last six years. We have a \$7-billion deficit, and frankly, I cannot see how this can continue. We are in a crisis situation.

I am told that if there is one complaint from the members of the House have from their constituents that is perennial, it is about the workers' compensation system. We can only conclude from that, and our discussions with our labour leaders, that no one is satisfied with the system.

COCA's main objective is speedy, humane service and rehabilitation of the injured worker and we are not getting it; but we are getting enormous cost increases. When you look at what this is going to cost the future employers, what it is doing to our competitive position, when you look at the lack of productivity of the industry and you look at these soaring costs, we really have a problem that is shared at all levels. The worker is just as frustrated with the system as the employer is.

**Mr. Haggerty:** But looking at that letter, I see further delays, and the question is—

**Mr. MacDonell:** As David Frame said, some of these delays might be over two years.

**Mr. Haggerty:** It depends upon how severe the injury is to the spine. Sometimes it may never correct itself. It has been known.

**Mr. MacDonell:** One of the difficulties, of course, is that in the field of rehabilitative modern medicine is beginning to see that people with back injuries should not be left at home, that is not a common view with the family practitioner. He may not be up to date on the most recent treatments. So there is a tremendous gap between the modern knowledge on rehabilitation and that practised by many family physicians; it is an enormously complicated field to keep up with.

**Mr. Haggerty:** You mentioned the type of treatment that a person with a back injury receives. I have worked for years with workers' compensation and I know the problems involved



workers' compensation and the difficulties they face. I know the difficulties with employers and employees. I stress physiotherapy and even protractors—drugless is perhaps one of the ways to look at it—because what happens—and I have seen it happen so many times, and the number of persons who are receiving treatment from the medical profession, it could be the family physician or specialists—is that heavy drugs are being used. I can tell you that if one takes that route, sure, you can get him back to work, but the body is numb, and that is when you get further aggravation or further injury from the original accident.

**Mr. MacDonell:** I think you are absolutely right. If you leave an injured worker at home for months, or even six months, the chances of his being reinjured when he comes back to work, when the union, if he is a union employee, sends him to work for a construction company, and he is out of shape and not ready to take the kind of work—it is much like an athlete: You would never send an injured athlete back on to the ice without preparing him.

**Mr. Haggerty:** Conditioning.

**Mr. MacDonell:** We do not do that. So the longer he is off the job the greater risk there is for perhaps an even worse accident, and that is a great concern to us. That is part of the multiplier problem that is sending up the costs.

**The Vice-Chairman:** We have other questions, Mr. Haggerty.

**Mr. J. M. Johnson:** Mr. MacDonell, you made a point a few minutes ago. You said that no one is satisfied with the present system.

**Mr. MacDonell:** Perhaps that is somewhat of an overstatement.

**Mr. J. M. Johnson:** Then I would like to say if you did not, because I am extremely frustrated with the workers' compensation results. I have a construction company that is doing an excellent job. Their rates keep going up and they are hit. No matter how safe and cautious they are, they pay the price for someone else and they are very frustrated.

On the other hand, I have a constituent who I called yesterday. He is so frustrated with the system that a year ago he drank antifreeze and ended up in the hospital and nearly died. He was there for many months. He is at the point now that he needs psychiatric help. He has again threatened to do away with himself unless something happens. I cannot get help for him. I cannot get these people to give a damn. He has gone through the system and no one cares.

**Mr. MacDonell:** I hear that from construction employers all over the province. That is a constant, recurring thing. We have a serious problem with the rehabilitation of injured workers.

**Mr. J. M. Johnson:** I have no answer; I really do not have a question, but there is something wrong.

**Mr. Lupusella:** Talking about rehabilitation, I share your frustration. I think if you go back a little bit to your initial statement about the climbing of the money that is spent, I think that a lot of people are paid for a certain period of time, maybe four or five months.

It is the option that they are partially disabled and therefore able to do light jobs, but because of the inability of the Workers' Compensation Board to find light jobs, they receive the money without rehabilitation. It is a payout system, giving away the money without receiving concrete help in relation to rehabilitation.

I am just wondering if your position is to expect that the WCB can take its own initiative of rehabilitation without the co-operation of the industry. Again, that is my personal thought. What is your industry able to offer to the board as some sort of model to be implemented in relation to rehabilitation? What kind of model did you think of?

We cannot expect that compensation will do the job itself without the co-operation of the industry. Let's face it, if you go back, as I stated before, to the premise that a person is partially disabled, and on that definition is able to perform light duty and the light duty is not offered by the industry, this man is going to be paid by the board because in his own mind he is co-operating with the board to find suitable employment. That is money paid out without any result.

I think it is time for the industry people to get together and say here is what we are offering to the rehabilitation department of the WCB to rehabilitate these people. I am just wondering if your industry has thought about some concrete ways of doing something about it. On the other hand, I can visualize the climbing of the costs paid out to injured workers.

**Mr. MacDonell:** There are two approaches at the moment. Carmer, perhaps you can deal with one of them. The first is that the employer spends \$10 million a year with the Construction Safety Association of Ontario, which is a superb organization which has helped us to reduce accidents. The first thing is to try to stop the accidents in the first place. Obviously, that is where we start. That is where \$10 million goes.

Mr. Sweica is chairman of perhaps the best workers' compensation association in Ontario, which deals constantly with the board helping it to develop its strategies. Perhaps you would like to comment on that, Mr. Sweica.

1620

**Mr. Sweica:** As Mr. MacDonell mentioned, the construction safety association's preventive approach is very good. We like what they are doing. We take advantage of it. As you have seen in the statistics, the frequency is going down. Obviously, there is some good coming out of this organization.

The dilemma we have, which you addressed, is that if we are a union contractor located in Toronto and we happen to be working on a job site in Blind River, for example, we go to the union hall in the local area, which is probably Sudbury or Sault St. Marie. It could be for a duration of three or four months on that particular project.

If a worker gets injured, say with a back problem, in the third month, he is off on compensation and probably going through a rehab program. The job ends and that is it. These workers have all come out of union halls in the local area. We do not have any light, modified work because we are not in that area any more. We rely on the union hall to supply that labour wherever we go if we are a union contractor.

As a result, when this worker is available for light, modified work, we cannot give him a job. The union states that he is not 100 per cent capable as an electrician, for example. Therefore, he continues on compensation because that is in the program. How do we get around it? I do not know. That is a dilemma for the construction industry.

**The Vice-Chairman:** If I might be permitted, the iron workers appeared before the committee as part of the Ontario Federation of Labour presentation. They indicated that while they had a rather specialized type of situation, because their jurisdiction covers varied types of work from light duty to heavy work, they felt that as a union they were better able to rehabilitate their members than was the board.

They felt they should be able to take over the rehabilitation and be able to place workers rather than, from their point of view, have the board simply send the injured iron worker to the labourers' union to see if he can get a job sweeping floors or something. They could in fact rehabilitate better than the board. How do you respond to that?

**Mr. Sweica:** I commend them. The trouble is that the other unions, if you approach them, say "No, he is not—"

**The Vice-Chairman:** It might be more difficult for a bricklayers' union to find—

**Mr. Sweica:** Well, a bricklayer, an electrician or a millwright, as such. But the thing is that if they are able to give him modified work, for example as a labourer, we immediately cross union jurisdiction lines, and there is no way they are going to go along with that; we have been to that point.

We have a dilemma. We do not want to put a worker out there sitting and not doing anything because it is no good for him. But what can we do? It is quite apparent that there has to be some legislation where union, management, the medical profession and the board get in on this and work out some sort of system where we can do something for the worker.

**Mr. Dolson:** We agree with you that the union, in many cases, can deal far better with the situation of giving the man light work, if for no other reason than the fact that the union deals with all signatories to its agreement, whereas as contractors, as Mr. Sweica says, go into an area and then leave again. We are very transient in our type of business, but the union has more people to deal with finding the employee work.

**Mr. MacDonell:** I would like to quote if I may the Minister of Labour (Mr. Sorbara) who, looking at these statistics, said something I think concerns the members of the committee who have said this is an enormous waste to the province. This whole thing is a dreadful waste, a waste of manpower, a waste of money. It is wrong in every sense. Besides, from what I can hear already, he said, it seems to be a traumatic experience for the man who is left at home, and it is no longer the head of his household and so on.

I think we would agree that there is a time to forget the past and look to the medical profession, the legal profession, the labour union, management and the Workers' Compensation Board to find some way of making rehabilitation the focus rather than pension payments.

I would like to just show you what happened. To deal with that question earlier about the effect of inflation on one of these major costs, I have segregated here, for the province as a whole, the workers' compensation pension payments of \$356 million. This is pension payments only.

Here, if you look, you will see the base salary in 1976. Inflation made that impact on the cost. The workforce made that impact. New injuries affected this amount. The legislation from



use improved the situation that amount. But you have here an unexplained 13.5 per cent of the total cost. This, I think, in the present system, is inevitable where you have the injured person, the employer, and then a third party not accountable to the employer for the administration of the injury and the rehabilitation process.

If you add this up through the system we think about, since 1976, a 10-year period, there has been a loss of approximately \$140 million. As the Minister of Labour said, that is regrettable. Even if you can agree with these numbers—and it is very difficult for him to do so at the moment—it is a regrettable loss. What we would like to leave to the committee with is the idea that looking to the employer is not an adequate solution.

**Mr. Sweica:** I just want to make one comment about what George said on pensions. In looking at the 13 construction rate groups for 1987—we have the figures from the construction safety association—we have found that the pension costs have exceeded temporary total compensation. This is the first time it has ever happened, and these pension costs in that one year, 1987, were 13 per cent over 1986. Why is that happening? That is a good question.

**The Vice-Chairman:** Does the member for Overcourt have any other questions?

**Mr. Lupusella:** Yes, I have two questions to ask. On this particular figure, the supplement pension, is it incorporated as the amount of money which is paid out through pensions?

**Mr. Frame:** No, that is related to temporary compensation benefits, not to pension.

**Mr. Lupusella:** Temporary total?

**Mr. Frame:** That is right.

**Mr. Lupusella:** But you said that the amount a pension exceeded the amount of money paid for a temporary total.

**Mr. Frame:** Total commitments made to pensions exceeded total commitments paid—

**The Vice-Chairman:** Not for the individual worker.

**Mr. Lupusella:** It is for one year, or the total?

**Mr. Frame:** Total commitments in that year.

**Mr. Lupusella:** For life?

**Mr. Sweica:** No, in that one year. Just the one year, from 1986 to 1987.

**Mr. Lupusella:** The supplement pension, which is usually paid for those people co-operating with the rehabilitation department, is it incorporated in that? It is separate?

**Mr. Frame:** Not in the pension; that is included under a general heading of temporary compensation.

**Mr. Lupusella:** I would like to go back to a point that you made before. In the course of your presentation you stated that at a certain point in time you would like to see a revision of the Workers' Compensation Act incorporating the employer to be involved in the first week—

**Mr. Dolson:** At least.

**Mr. Lupusella:** At least in the first week of the accident. In which way? Are you making particular reference to financial commitment?

**Mr. Sweica:** Yes.

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**Mr. Lupusella:** But you also mentioned the medical aspect. Can you explain more about that? In which way?

**Mr. MacDonell:** The employer would continue to pay him his regular rate and he would then go with him to the hospital or do whatever has to be done and stay with him as if he were a employee; instead of saying: "OK, you're injured now. You're on your own. Find your way. Go back to the union or whatever you can do." This way, we want to hold them together in more than just a financial bond, hold them together until the doctor and the employer and the worker decide how they are going to handle the situation, at least for the first week.

**Mr. Lupusella:** The reason I am raising this question is that in the Workers' Compensation Act the injured worker has the option to choose his own doctor. Do you still maintain that option should be given to the injured worker or would you like—with the employer, for example, paying the financial commitment for a week or two, whatever it is going to be—the injured worker to be referred to a doctor chosen by the employer? What is your position?

**Mr. MacDonell:** In the short range, I do not think we could change the worker's right to choose his own doctor, but I think in the long range, as you think down the road of how we are going to improve compensation, there will have to be special rehabilitation centres in each major city which are staffed with the best equipment, the best diagnostic systems and specialists in the field, so that injuries which are somewhat more complicated are immediately referred to and treated by professionals who may well be employees of the health system or perhaps members of the WCB.

**Mr. Lupusella:** Are you aware that the Minister of Labour is planning to introduce legislation in the near future, maybe this month, dealing with rehabilitation, along with other



items affecting the injured worker? Did you have any discussion with the Minister of Labour?

**Mr. Frame:** Yes. In the summary of some of the recommendations—we have prepared extensive sets of recommendations, on the Weiler proposal, on proposals for rehabilitation and proposals for reinstatement—we have been talking, on an ongoing basis, with the ministry about all these general proposals.

**Mr. Lupusella:** Did you also present the option, which you presented before this committee, of having rehabilitation centres across Ontario with the aim of rehabilitating injured workers?

**Mr. Frame:** That was part of our proposal when we met originally with the Minna-Majesky task force. We recognized that there was an overdependence on the Downsview centre, which was one of the major reasons for the long wait. Clearly, to be effective, to have quick service, we recognized you had to have local and regional centres providing that service.

**Mr. Lupusella:** The final point I would like to raise is: Do you agree or disagree with the board's policy of the time when rehabilitation has to start? The reason I am raising this question is that in your presentation, you explained that the duration of the claim had risen from 28.3 days to more than 96 days. Rehabilitation plays a major role and the board decides when rehabilitation has to start. Do you have any clear position on when in fact the rehabilitation should start?

**Mr. Frame:** I am trying to recall the board policy. There is some commitment in its new policy to do an assessment within, I believe, six months.

**Mr. Lupusella:** Six months?

**Mr. Frame:** Yes. It is the feeling of our committee that the sooner that assessment can be made the better. Our recommendation is that within four weeks, inside of a month, an assessment be made and, if needed, that the rehabilitation start as soon as needed after that point.

**The Vice-Chairman:** Are there any other questions or comments? Do you have any figures on the types of injuries and the costs related to particular injuries, such as backs, as opposed to other types of injuries?

**Mr. MacDonell:** Yes, we do. We did not anticipate that, but I can tell you what they are. We did bring this slide, which shows the degree of physical impairment compared to the number of injured workers who receive pensions. What this shows, from the board's figures, is that the

degree of physical impairment has declined. You look at construction injuries, a very high percentage of them are back injuries. You would anticipate then, because of the ageing workforce that they are probably with older workers, but a great bulk, 51 per cent of them, are workers under 35 years of age. Backs are a big problem.

The other thing we are led to believe from the statistics that have been given to us so far is that most of our injuries are tissue injuries rather than really serious injuries of other types; internal injuries or broken bones and so on. Construction sites are safer places than they ever were. They are probably still not as safe as making bread in a bakery or making cookies somewhere, but they seem to be having fewer and fewer serious accidents, more and more tissue accidents, and with younger workers.

**The Vice-Chairman:** You anticipated another question I have. The representatives of the board also talked to the committee about the duration of lost time, and they are concerned about its increase. You have referred to the ageing workforce, but you are indicating that 51 per cent of the back injuries are to young workers. Do you have any reasons for that? Is it that because an older worker might be more experienced and less likely to think he is too macho enough to try to lift something he should not lift?

**Mr. MacDonell:** I do not know the answer to that. One of the things that construction has done is to take the information we have shown you to the Workers' Compensation Board and ask it to give an explanation as to why these costs have soared in the light of reducing accidents so far. We can sit down with our employers to try to see whatever we are doing or to try to make some sense out of these runaway costs. The WCB has assigned executives to work on that project, so far we have not heard back, so we do not have those answers.

**The Vice-Chairman:** In terms of the length of time before getting back to work, are you finding that is related to all the workforce or is it related to older workers? Does it take longer for an older worker to get back to work?

**Mr. MacDonell:** We do not have definitive information. We just do not know whether the age factor has a bearing. We should know when we get our analysis from the WCB, and we will be glad to share it with you at that time.

**The Vice-Chairman:** And also if delays in the compensation system are related to the length of time off.

**Mr. MacDonald:** Yes. We have six or seven sons for the delays.

**The Vice-Chairman:** OK. Thank you very much. Mr. McGuigan, one short one. We have other presentation.

**Mr. McGuigan:** Some of us met this morning with the auto insurance people. They had an almost identical experience. The number of auto accidents is declining but the personal-injury claims are escalating. They have blamed it on a lot of attitude: people are more aware of going the legal route and working the system to their advantage. Is that apparent in any of your work?

**Mr. MacDonald:** As you know, the idea of an injury is a subjective concept. I have a severe back injury and I have been working for 50 years. Probably other members in this room suffer from low-back injury.

**Mr. McGuigan:** I am one of them.

**Mr. MacDonald:** You see, some people might think that you should not work, that you should be some kind of compensation for that, so it is very hard to know where to draw the line. It is a very subjective thing. Very bad low-back pain may inspire other people to keep working.

The only medical data we have on this indicate that indeed it has a great deal to do with attitude. One of the back experts who spoke to us about six months ago, one of the world's authorities, says that staying at home is the worst thing you can do with an injured back, which is probably what you and I have found out.

10

**Mr. McGuigan:** Going to my own experience, I certainly kept working but I found that I had to alternate the type of work. I had to spend more time on management and less time on actually doing the physical work.

The heck of it with back pain is that it is reversible. Up until the day you have a back injury you think you can lift anything. When you lift something and have the back injury, you do not go back and say, "I won't do that again." You do not have the option, because you are never going to do that again.

**Mr. MacDonald:** To deal with the issue of attitudes, as you can imagine, is very tricky. There are some actuaries who have made a study of this in Holland, Denmark and Great Britain and their conclusion is that the higher the benefit the larger the number of people who will apply for it. What you can take from that I do not know. I think there may be a great deal of truth in the notion that as benefits rise, applications for benefits might rise in lockstep with them. That

may be an explanation of what is going on here, but that is a very difficult thing to establish.

**The Vice-Chairman:** You are not suggesting we cut temporary-total-disability benefits in order to get people back to work?

**Mr. MacDonald:** Oh, I do not think you could do that.

**The Vice-Chairman:** I am sure you could not. Thank you very much, gentlemen. We appreciate your presentation.

**Mr. McGuigan:** Just while we are changing, I read about the graves of American soldiers they discovered in the Niagara region. They recently sent the remains back to the US. They noted that those people had as many as six vertebrae compressed. An explanation was that carrying the weights they did and with the work they did, they had compressed as many as that. I could not understand how they could ever carry on.

**The Vice-Chairman:** It was the same with the habitants, the voyageurs; they used to have the same problem.

**Mr. McGuigan:** I do not understand how anybody could carry on, though. I have one compressed, and I was a different person after that.

#### CANADIAN UNION OF PUBLIC EMPLOYEES LOCAL 1750

**The Vice-Chairman:** Our next group is the Canadian Union of Public Employees, Local 1750, Sister Carol Haffenden. Do you have any others with you who would like to come forward as well?

**Miss Haffenden:** No.

**The Vice-Chairman:** We appreciate your coming before the committee. As you know, our committee is looking into the annual report of the Workers' Compensation Board, so anything related to the operation of the compensation board is relevant.

Miss Haffenden, as I understand it, CUPE Local 1750 represents the employees of the Workers' Compensation Board?

**Miss Haffenden:** Yes.

**The Vice-Chairman:** OK. If you would like to proceed with your presentation, then we will hopefully have time for questions from the members afterwards.

**Miss Haffenden:** I am going to read through the submission, and I will be making some comments on it as I go through it.

There is just an explanation at the beginning explaining who we are, representing 2,100



employees of the compensation board employed in technical, medical, clerical and professional positions in 14 work locations and communities throughout the province.

The chairman of the compensation board, Dr. Elgie, reported to this committee on May 25, a report which very enthusiastically and very optimistically stated the board's accomplishments and changes in organization and policy as improvements to the service to injured workers.

On the surface, the many activities of the board can appear to be improvements in organizational streamlined efficiency. However, Local 1750 does not share the current board administration's enthusiasm. We also submit that the board's optimistic commitment to improve service to injured workers not only lacks substance in its glossy presentation, but contradicts the current trend of the board to downgrade the service. Even more disappointing is the response to date on the part of the Minister of Labour and the current government to allow this trend to persist.

The board's haste to show administrative efficiency and downsize administrative costs has already had an effect and will continue to have an effect on the delivery of service to injured workers.

The more frightening but very real possibility is the trend towards the divestment of the board's direct administrative responsibilities through privatization and contracting out of services, ultimately resulting in a loss of accountability. The most immediate threat is to the delivery of service in medical and vocational rehabilitation. It is apparent that the underlying motive to shirk direct involvement in service delivery is to be exempt from accountability and criticism. If this is the case, where will the trend stop? And in the process, how many injured workers will fall through the cracks of an internally integrated, externally fragmented service delivery system?

The next section just deals with our disappointment to date in terms of how the Minister of Labour has responded to giving the board, in his opinion, the exclusive administrative right and not taking the opportunity to intervene.

On subsection 45(5), we view the change in legislative interpretation of subsection 45(5) as a cutback in service.

The method in which the change was brought about is also questionable and a little confusing. It was presented to the WCB board of directors not for its endorsement or approval but as an administrative change. Simply, it was presented to the board as, "We now have a proper and legal

interpretation of the act and we're going to do properly from here on in." We think it is ironic that this board of directors, which was not part of approving this policy, will ultimately, months from now, who knows how long?—down the road, have the opportunity to challenge under section 86 the interpretation of a policy which it played no part in endorsing.

Dr. Elgie stated in his presentation May 25 that subsection 45(5) changes are controversial and are misunderstood. The changes are not misunderstood by injured workers who have been disintitiled.

The second example I give is that injured workers who have been working and receiving the wage-loss supplement have been approached to come off their job and receive a supplement. They should interject here that there is no guarantee they will get a regular pension supplement because they may not be entitled under the new strategy, under the new interpretation of the policy—and try to find a job where there is no wage loss. But there are no guarantees. They will get rehabilitation assistance for a period of a year to try to get them off the wage-loss supplement. We know that many workers have been approached to do this, to see if they are interested.

The previous comment—the changes are misunderstood by injured workers who have been disintitiled: The most alarming are the limitations to temporary-supplement entitlement placed on seriously and permanently disabled workers whose arbitrarily limited earnings capacity is influenced by the severity of the disability.

I know other groups have made presentations repeatedly to the minister and also to the committee on subsection 45(5), and perhaps that is the most sensitive area when you realize that for very seriously disabled workers it is like a double punishment for having the injury. If they have a serious injury and it is deemed that their earning capacity is sufficiently met by the pension, they are not going to be entitled to supplemental assistance.

#### 1650

We foresee it happening, with some of the more severe head injury cases or even with amputees, that workers will not be entitled because it is deemed that their pension adequately reflects the impairment of earning capacity. Rehabilitation assistance might be available, but there will not be an income because they are not entitled. It is pretty pathetic and, being on the side of providing a service directly, many of the rehabilitation personnel find it very awkward



very awkward to explain it to a worker and very awkward to try to carry that message and justify

The organizational changes at the board: In his presentation May 25, Dr. Elgie's comments on the board's massive reorganization over the past year expressed his gratitude to the board staff for diligence, forbearance, dedication and interest in improving the operational effectiveness of the organization. Our members have more than a passing interest.

The two major changes—the regionalization of Hamilton, Thunder Bay, Ottawa, Windsor and the expansion of Sudbury; and the introduction of the eight integrated service units—have, to say the least, been fast-paced and traumatic.

The board is still in transition on this change and, diligence and forbearance aside, the major ingredient lacking in the whole process during planning and implementation for the staff, our members included, was information, understanding and sufficient training.

The structure was changed and heralded as innovative. The clients, the employees and the service had to fit the integrated-service-unit structure as opposed to designing a structure to fit the needs of the service. Many operating areas are unable to provide employees with an understanding and support of the new process because of a lack of understanding from their superiors in management.

We were promised streamlined management client services and we have seen a phenomenal management growth. Downsizing was a term we heard a lot during the introduction of the changes. Basically, what it has come to mean is that the same work processes exist, but the number of people doing the work has decreased proportionate to the volume or that the work processes are eliminated but show up somewhere else in some sort of composite job or another job, again inappropriately staffed.

The regional offices experienced rapid implementation, inadequate training and adjustment. At the same time, all are experiencing inadequate staffing and are getting no acknowledgement of this need from upper management.

The next section talks about integrated service units and the problems we are finding in terms of the delivery of service to injured workers. It is a little confusing and perhaps I could best explain it with a couple of examples.

September 8 was the cutoff date, where the board was setting up its first integrated service unit. As of that date, it was going to be employer-based address. You have an employer

whose main address is Toronto, and it has plants or stores or whatever the situation all over the province. You have regional offices which have already been set up, new regional offices in Hamilton, Ottawa, Thunder Bay—those were the new ones; London and Sudbury already existed—then you have this massive influx of claims being set up in Toronto, because the employer's main address is Toronto or surrounding area.

If an injured worker living in Ottawa had an accident prior to September 8, his claim would be handled by Ottawa, the old-fashioned way, by his address and his community, which was Ottawa. After September 8, the claim would be assigned to Toronto, based on the employer's address. This created a phenomenal amount of confusion.

Perhaps the most delicate area is with a claim which has been closed and inactive for a while and the worker is making an inquiry, let's say in the Ottawa office or through Kitchener or one of the outlying areas, and would like his claim reopened. Unbeknownst to him, because his employer has a central address, the claim never left Toronto. It has led to a lot of confusion just trying to get a claim reopened.

You do not have the information readily available on the video display terminal; a claim could have been microfilmed. Just to get somebody to get the claim reopened and set up and get it initiated and get the appropriate forms and correspondence sent out to the worker, the doctor, etc., takes a phenomenal amount of effort. Our members are finding it difficult trying to get this moving and the workers, if they were left on their own to do it, would find it just absolutely horrendous. That has not been resolved.

**The Vice-Chairman:** Excuse me. How does this work in the construction industry, where you have union hiring halls? Is it done on the basis of the union's address or the employer's address at the time the worker was injured?

**Miss Haffenden:** I am not sure whether they would use the hiring hall or the employer; they may be going by the employer address. But even that is confusing, because it involves the rate number, and I understand there are some hospitals that showed up in the construction unit because of the nature of the rate number.

**The Vice-Chairman:** Oh, I see.

**Miss Haffenden:** OK? So I guess they are trying to hold it down and make it very, very refined in terms of how you allocate a claim. But this does not happen with the worker who has been off for four weeks. Many times a worker

will assume he is off work, his doctor is going to send the report, he will not bother the board right away, he will just wait a couple of weeks and everything will be running smoothly. Then he contacts the board and finds out nothing has been set up anywhere.

**The Vice-Chairman:** Yes, because I was thinking in terms of the construction industry. You might have a worker who lives in Sault Ste. Marie, his hiring hall might be in Sudbury, but the company he was working for at the time he was hurt might have an office in Toronto.

**Miss Haffenden:** Those situations have come up, I am sure. We had a situation recently—I mean, I could probably go on and on giving you examples, but just to try to imagine. It is confusing enough for the worker. It is also confusing internally trying to sort it out, and it seems that a lot of the operating areas are kind of left to sort it out themselves: Find your own method of figuring it out. There was a situation where a worker had, I think, always lived in Ottawa. His employer's main address was in Sudbury, and for some reason the claim showed up in Windsor. I have no idea how, but that is where the claim was and it had to be relocated.

But there is just one other area that is confusing, because there is no relationship between an employer's postal code and anything else with respect to the worker, like a county, his home or even the area codes for telephone inquiries. You have injured workers who are kind of caught in the 416 and 613 territory; they are in between Ottawa and Toronto. For some of them the employer address is one of the Toronto integrated service units, but their home number is the 613 area code. They can direct access Ottawa but they cannot Toronto, where the claim is handled, and vice versa. That has happened, OK? I hope that gives a better example of the explanation in terms of the confusion.

**Downsview Rehabilitation Centre:** On March 10, 1988, the compensation board's board of directors approved a new medical rehabilitation strategy. Under the guiding principles of this strategy the board states that "the expertise and abilities of the staff at the Downsview Rehabilitation Centre represent a provincial asset which should be recognized and used in the development and operation of the new system."

In their conclusion on the strategy, the board states: "The board is committed to the principle that the expertise and experience of the Downsview staff should be utilized fully in the development of any new system of medical rehabilitation for injured workers. The current

staff of the DRC will continue to have the opportunity to serve the injured worker community within a new delivery system."

Through further investigation it has become clear that the board has no intention of retaining the Downsview Rehabilitation Centre as a part of its service delivery model, a blatant contradiction and an abuse of their stated commitment to the staff at Downsview.

In all of its activities over the past two and half to three years, the board's response to its administrative responsibility over Downsview is one in which they not only have reneged but have publicly misled and even milked to their advantage to get rid of the centre. It is frightening to think that any aspect of the services which the board has direct administrative responsibility over, if subjected to public criticism, could realize the same fate.

The board has been involved directly in medical rehabilitation since 1932. It started with a small physiotherapy clinic and it added occupational therapy and remedial gymnastics and even provided accommodation for out-town patients before the centre was built in 1951. The special clinics were developed to provide services to special groups such as amputees, workers with hand injuries and head injuries as well as the general trauma clinics. The holistic treatment team approach of providing medical assessment for purposes of treatment planning as well as medical rehabilitation for the rehabilitation of work injuries became world renowned.

The board stated in its medical strategy that the centre initially provided services to injured workers which were not available in the public health care system and that there have been significant improvements in the availability of medical rehabilitation services.

## 1700

I would just like to make a point here. Vol. Local 1750, have never been opposed to more enhanced regional facilities being available for injured workers, because we realize one of the main complaints with the system is the length of stay away from home for injured workers. I realize there may be situations where it makes no medical and economic sense to bring a worker from an outlying community if it is going to, for example—I do not want to be naming communities that may have the facilities, I am sure—but if a worker lives in Kenora and he needs some really comprehensive medical rehabilitation and the only facility that exists is in Thunder Bay, he is going to have to reside in Thunder Bay, possibly as an inpatient at a hospital



ould make a lot more sense, if the facilities did exist in some of the areas, to be able to have, a situation such as that, a worker brought into Downsview.

Nowhere has the board acknowledged why the role of Downsview changed from that of providing medical assessments for treatment planning to one that, for a select patient group, carried out functional assessments which are used for the purpose of determining compensation and, in particular, for patients whose recovery appeared to be prolonged. We all know what that is. You go to Downsview and if you co-operate you are seen to be recovered; if you do not co-operate, you are seen to be lingering. Either way, you could stand a very good chance of getting cut off. I think that is one of the main criticisms about the system as it is set

in the introduction on its strategy, the board refers to changes in the requirements of the act and the needs and expectations of workers. It is kind of suggestive, but it is not very clear. We expect that the role shifted in response to amendments to the act in 1974, specifically the introduction of section 41, wherein full compensation was to continue for a worker who was able to do modified work if the worker co-operates—and we all hate that word—in medical and vocational rehabilitation. Downsview became utilized for functional assessment purposes to determine entitlement for claims.

Between September 1985 and November 1986, upper management of the board initiated an early admission program at Downsview which increased admissions to go from the normal 350 to 750 to 800 patients weekly. This led to intolerable conditions for the patients and the staff and quite possibly triggered public criticism.

The board states in the guiding principles of its medical treatment strategy, "There should be a separation between the adjudication of workers' claims and the provision of medical rehabilitation services to ensure that the workers' recovery is not compromised by a real or perceived link between decisions regarding entitlement to bene-

fits." Local 1750 submitted very similar comments to the board of directors and suggested a method of severing the assessment process, which would allow only retain the expertise of the staff at the centre but retain the centre itself. The board has initiated a severing process. It is worth reiterating that the medical rehabilitation at DRC

existed for 40 years without the abuse of functional assessment.

We submitted a very simple process, and that is that the treatment team reports compiled at the centre are generally forwarded to the claims adjudicator for direct use in further processing of the claim. In most cases in a clinic in a community, a public facility, if a doctor refers a worker to a public hospital for physiotherapy, the doctor will get feedback from that physiotherapy clinic on which he will base continuing prognosis and diagnosis in reports to the board.

The process we suggested was very simple: Keep the family doctor as having some driving control or support in the worker's medical rehabilitation, and instead of those reports going directly to the claims department have them routed to the family doctor for the family doctor to come up with a prognosis and diagnosis in terms of the worker's abilities and the general ongoing treatment. That was suggested and it has not been done.

If the board is not willing to sever the assessment process in house, how can we trust that the board is not simply extending this assessment process into the clinics, which are being set up contractually in the communities?

We believe that the board is merely severing the association with assessment for entitlement by closing DRC, but not by doing away with the process. It has been stated, although not publicly, that the board has a need for assessments for injured workers who are not recovering and returning to work within the expected time period; also, that this type of assessment does not need to be linked with the board, but must be readily available to the board.

In the conclusion of the medical rehabilitation strategy, it states that the board of directors has directed the board's administration to approach the Ministry of Health and other relevant organizations. The board will maintain that in establishing prompt medical care in the communities, to attempt to impose a priority for treatment of injured workers over the people in the community in the public health care system is not feasible. Thus, it will move to contractual arrangements with private health care facilities.

This direction could outwardly be seen to be the best approach to guarantee prompt priority care of injured workers; however, considering the board's reluctance to give up the assessment for benefit entitlement, we view these private contractual arrangements as nothing more than a transferring of the process to the community.



A good example of this is the community group in Sudbury whose proposal for board funding of a medical rehabilitation program which utilized the co-ordination of existing community facilities was turned down. The board has turned to a private organization for a fee-for-service, contractual arrangement, which we understand is more costly.

If I can just elaborate on that a little bit, even before the medical strategy came out the board was setting up, I guess, what they would call some soft-tissue clinics. Even those had particular arrangements; that is, there was a contractual arrangement. "We can guarantee you X clients; you guarantee us a certain kind of service." Even that was very controlled in that there were communications to these clinics stating that there are medical forms to be completed and also an indication that if they were contacted by the company doctor or the company, they could tell the company it can expect the worker to be back to work within a set time period. These arrangements were—I cannot think of a good word—very controlled by the board. We see that just extending into the many clinics and the larger facilities if you are doing these contractual arrangements.

In the Sudbury situation, my understanding of the information is that this community group had received funding to do the study and presented it to the board of directors. They were turned down. I believe for a proposal of \$1 million they were guaranteeing that they could service 800 to 1,000 injured workers. The whole process has been turned over to a private firm. It has this contractual arrangement, and there was a fee of \$800,000 for 400 injured workers. It is not as cost-effective so there has to be an underlying reason; if it is more expensive, there is an underlying need.

We submit that the Downsview Rehabilitation Centre can be maintained and utilized in areas of specialization and by internally severing the assessment process providing the type of medical rehabilitation for which it became world renowned.

Downsview is part of a community and, in the service model proposed, could very easily be worked into the model as a centre for specialization, evaluation of medical treatment and rehabilitation needs, research into work-related injuries and rehabilitation problems, a resource for community clinics, and consultation and training for health care and rehabilitation professionals. Why should injured workers suffer because the previous administration of the WCB allowed the

role of Downsview to change from rehabilitation to assessment, and the current administration perhaps deliberately allowed it to persist?

Vocational rehabilitation strategy. On April 1988, the board of directors of the Workers' Compensation Board approved in principle a vocational rehabilitation strategy. We suspect that despite the call for public input on the strategy, an implementation plan already exists and will be put into effect regardless of submissions with valid criticisms and concerns.

We take exception to the following quote from the strategy:

"The lack of reliable data has hindered the board's examination of vocational rehabilitation in the past. Since no compensation jurisdiction has done a comprehensive monitoring of effectiveness of vocational rehabilitation, it is therefore difficult to formulate precise prescriptions for improvement to any model of vocational rehabilitation service delivery."

For an organization which has been providing vocational rehabilitation to injured workers over 50 years, it is outrageous that the board make a statement such as this. Also, it should be a licence to do away with a service or administratively divest direct responsibility through contracting out.

The strategy applauds the organization of integrated service units as a means of addressing vocational rehabilitation. Here is another situation where the strategy has to fit the structure opposed to the structure trying to fit the strategy or the service.

## 1710

We have a major concern with the reference to the staff who would be involved in the rehabilitation service. The position of rehabilitation counsellor is nonexistent, while the position of case worker appears to be the focal point of service delivery. Why has the board done away with rehabilitation counselling? Is it an admission that it does not really want to be involved in the process? There is repeated reference to other identified functions or staff may or may not be board employees.

This reveals a serious threat that many of the services will be contracted out. The board is moving towards reducing administrative costs and absolving itself from accountability. If fee-for-service costs could be greatly increased while the multifunctioned, internal-external services would be incredibly fragmented.

This divestment or decentralizing of accountability will not result in fewer complaints. On the contrary, injured workers and their advocates

cluding MPPs, will find it even harder to get workers.

The Workers' Compensation Act states that injured workers are entitled to rehabilitation, and would assume that the compensation board is the doer and the provider of that service. The board, however, appears to be moving away from direct administrative responsibility to administering a referral service.

I think one of the dangers—just before I go to my conclusion too—is that if you have a very, very extensive fee-for-service arrangement as opposed to direct administration of rehabilitation counselling, and other specialization, and if the fee-for-service shows up ultimately under rehabilitation costs, there will be another call, "Why are the costs so high?" a few years down the road and another study done by an external body and another reason to possibly downgrade rehabilitation entitlement in the act, just as section 45(5) has been affected.

I think there is a real fear that the more it is done on a fee-for-service basis as opposed to administration, the more it will appear that the costs are just soaring and we will have to do something about it. We will have to react in some way. Meanwhile, they are trying to keep the administrative costs down because other people are doing it and the administrative internal costs appear to be quite efficient.

Our conclusions—and our members can speak from many years of experience and from a deep commitment to providing the best possible service to injured workers and other board members: We feel very strongly that the current administration of the board has operated irresponsibly, in haste and insensitively as administrators of a service system.

The act originated with a mandate to look after injured workers. The act has been amended many times, but the responsibility of this mandate has remained steadfast.

We hope that this committee, the Minister of Labour and the government can intervene and exercise their authority over the board to: hold the board accountable and reverse the current trend to the reduction of service delivery; halt the closure of the Downsview Rehabilitation Centre; intervene in the board's process of absolving itself of maximum possible administrative responsibility for the Workers' Compensation Act from its moral obligations and intent.

**Mr. Chairman:** Thank you, Miss Haffenden. Sorry, I missed the first part of your presentation.

**Miss Haffenden:** Do you want me to do it again? No.

**Mr. Lupusella:** I still do not understand very clearly the position of the rehabilitation counsellor and how it was eliminated by the compensation board at the time when the provincial government and the compensation board are announcing that rehabilitation across Ontario is to work more effectively on behalf of injured workers. Could you please be more specific as to how this position has been eliminated?

**Miss Haffenden:** It does not show up in the strategy. It only shows up in one capacity—well, two. One is direct and one is kind of an extension. What they have is a case worker, OK? The case worker is supposed to be involved, according to the strategy, with the early contact with the worker to establish, I guess rehabilitation goals and so on. Then the case worker from there will refer the injured worker to the various other individuals whom the case worker feels that the injured worker will benefit from having the service of. But they are not all internal.

One of the first things that could happen is that if it is felt that perhaps the injured worker could return to the accident employment with some modification to the work site, you would get the work site analyst in, but it spells out very specifically in the strategy "may or may not be" and they seem to be leaning more towards that the work site analyst will not be a board employee—right now we have work site analysts—so it will be some external firm that specializes in work site analysis.

**Mr. Lupusella:** Is it not true that the Workers' Compensation Board used to refer injured workers to different agencies to get an assessment in relation to the degree of rehabilitation which the injured worker was supposed to get and, at the moment, is doing the same thing?

I have been following different cases, and the system is maintained at the same level. Maybe the category has been changed. Instead of a rehabilitation counsellor, now you would call him or her a case worker, but the function is the same, is it not?

**Miss Haffenden:** No, it does not appear to be the same. There are two examples that I know for sure the board utilizes, and they are already on a fee-for-service basis. One is the assessment centres where they assess what you would call workplace tolerances. There are several; there is COSTI and several others. Then another service that they use externally, and they always have, is the psychological vocational testing. They use external psychologists to do that testing. Those are two examples.



When the board is referring to social rehabilitation counselling, the work site analysis or even the early pre-vocational counselling, it does not say for sure that it will be a board employee. So what you will have is a case worker trying to establish rehabilitation goals very, very quickly, setting up a program and then referring the worker out.

It will be like going from pillar to post to find out the status, because you have this worker who has somebody helping him—he is not quite sure who, or whether he works for the board or whether he does not—and this case worker, plus an adjudicator. You are trying to track down the status of the claim, and it appears that they may be co-operating, I suppose, with the social counsellor or the placement specialist, which is the only position that appears to be pretty sound in there. But the thing that is lacking is one of the things that was stressed in the task force report, and we made submissions to the task force as well of a similar nature, and that is the early intervention and the benefit of really comprehensive rehabilitation counselling.

The worker has gone through a period of disablement to be entitled to benefits, and then all of a sudden to switch his focus in terms of abilities, and this counsellor arrives on the scene—a lot of times workers have to go through, or do go through, a period of adjustment: "Yes, I am capable of doing something, but I am not quite sure what. I have been doing the same job for 20 years. To me, my work means that job."

It is very difficult for an individual to accept the fact that he has had a work injury and the effects of that work injury. There is an immediate fear with respect to his financial position, and there does not appear to be anybody to carry the worker through that whole process. It will be fragmented, the pre-vocational counselling and social counselling. There does not appear to be anybody to carry the worker through that whole process, that support network, to help him to that level of: "Yes, I know what I am capable of doing and I can get a job in this particular area. I may need a little bit of training to assist me."

It is a support mechanism that does not appear to be there, doing away with rehabilitation counselling as it exists. It is a fragmented process.

**Mr. Lupusella:** They now have rehabilitation specialists.

**Miss Haffenden:** Yes.

**Mr. Lupusella:** How different is this position in comparison to a rehabilitation counsellor?

**Miss Haffenden:** The rehabilitation specialists deal with the severely disabled. You are talking about the paraplegic, quadriplegic and head injuries, and to some degree not necessarily a physical head injury but a person having a psychological problem with his injury, especially if you have cases that were very critical. I know a worker, for example, was involved in an accident where his co-worker was killed and he was not. There are a lot of problems adjusting and that type of thing.

There are about 10 of these specialists, and they handle the cases province-wide. They have had some remarkable success, considering the level of disability for paraplegics, quadriplegics and so on.

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**Mr. Lupusella:** One of the major criticisms related to a rehabilitation counsellor was that or she was supposed to look after 200 cases related to injured workers, and that was making the job very, very ineffective. I was very critical of the rehabilitation counsellor in the past, and I think that under the new system that is in process or has been implemented by the board, at least if I get in touch with the person looking after the injured worker I can relate the problem of the injured worker in a very effective way over the phone. Before, there was no way even to contact the rehabilitation counsellor.

**Miss Haffenden:** Because they were on road and helping their clients; they were always in the office.

Now you will have a case worker who is basically doing the referral service. But I know what it is like when you call the board and somebody tells you, "We do not have the doctor's report, so we cannot pay the claim." This is the way I perceive it happening; we do not have the social worker's report or this report.

**Mr. Lupusella:** There is communication now, and before there was no communication that is the point I am trying to make. There is no way to deal with a rehabilitation case over the phone. You were supposed to make an appointment. Maybe the rehabilitation counsellor was not available at the time. It took maybe two or three weeks to get an appointment with the injured worker. Now you can deal with the problems over the phone, talking to the person looking after rehabilitation. As far as I am concerned, it is an advancement, an improvement in the process.

**Miss Haffenden:** Is that since the introduction of the integrated service units?



**Mr. Lupusella:** Yes.

**Miss Haffenden:** OK. Well, the counsellors might be more readily available, because structurally it is an integration, so they are there as well as the adjudicators, as well as the health care benefits and so on and so forth. If they are not on record that is where you will find them, all in the same place—that is, if you know the allocation of the claim and who is handling it.

So they might be easier to track down in that respect, but the process I am referring to is this strategy in terms of the case worker being a referral service. You call the case worker, and he or she will wait for the report from the various individuals to tell you the real status of the case. Instead of chasing it down internally, as you would have to do, you will be trying to chase it down externally. Do you see what I mean?

**Mr. Lupusella:** Yes.

**Miss Haffenden:** OK.

**Mr. Lupusella:** There is another point I would like to raise. You have been very critical of section 86, which falls under the jurisdiction of section 101, which has to do with the board of directors appealing decisions taken by the independent appeal tribunal. You should be aware that under Bill 101, in section 86, the board of directors has the discretionary power to appeal. Would you like to see the law changed?

**Miss Haffenden:** I know they have the discretionary power to challenge or call for a review, but the statement that is made appears misleading. They have the discretionary power to call for a review on a policy interpretation that they have no part in endorsing; it is just passed off to them as an administrative change. That appears to be a conflict. It is like saying to the board of directors: "You do not need to endorse this, because it is just administrative; but in the future we may call upon you to challenge this administrative change." That is the point I was just making on that aspect of it.

I am also well aware that when the chairman made his presentation some comments were made or some questions came up about a low-level document that appears to be threatening—

**Mr. Wildman:** You are not sure if that was a characterization of the person who had provided

even more authority to challenge the Workers' Compensation Appeals Tribunal decisions.

**Mr. Wildman:** Could I have a supplementary?

**Mr. Chairman:** Yes.

**Mr. Wildman:** Is the current interpretation of the law that is placed on it by the board not somewhat akin to a situation if you had the Ontario Court of Appeal make a decision and then had that appealed to the Supreme Court of Canada, and the Supreme Court of Canada made a ruling, which could then be reviewed by the Ontario Court of Appeal. In other words, one level has—

**Miss Haffenden:** You will have to explain the point you just made.

**Mr. Wildman:** One level has made a decision and then it has been appealed to another level—in this case, the Workers' Compensation Appeals Tribunal. The board has made a decision, and that has then been appealed to WCAT; but instead of it stopping there, the board, the lower level in the sense of the court, has the right to review what WCAT has decided.

**Miss Haffenden:** It does seem contradictory. A very simple understanding of the process would be that the board has to modify its policy to the WCAT decisions to some degree instead of calling for reviews of all these decisions.

**Mr. Wildman:** Also, is there any time limit on how long the board has to review?

**Miss Haffenden:** I am not sure of that aspect.

**Mr. Wildman:** My chronic pain has been waiting for some time.

**Ms. Collins:** Does your local represent the medical personnel at the Downsview rehabilitation centre?

**Miss Haffenden:** With the exception of doctors, yes.

**Ms. Collins:** I do not know whether you can respond to this or not. I cannot find the exact quote from the Ontario Chiropractic Association, but the chiropractors were here the other day. They said that they approached the board of directors of the Workers' Compensation Board and submitted a great deal of evidence that showed that chiropractic services are very useful in rehabilitating injured workers and that the cost of that was lower. They are arguing that chiropractic services should be available in-house at the Downsview clinic.

Somewhere in their submissions they alleged that they were being blocked, not necessarily at the board level but at the Downsview centre; that

**Miss Haffenden:** I remember the comment "low-level document," and there was some concern about this low-level document, the nature of the document and the very serious nature of section 86. I believe it was focusing on

there are certain personnel there who are protecting their own section, if you like, and that is why they are not being used.

**Miss Haffenden:** We do have doctors at the centre, not just other medical personnel.

**Ms. Collins:** Well, I had to say medical personnel, because I do not know whom they are referring to and it could be doctors. I do not know if your local has looked at that or is aware of the problem and whether or not you think the service might be useful.

**Miss Haffenden:** I cannot really speak medically. I know it was a long time before the chiropractors were recognized by the board; and then when they were, the board still had some control in terms of an orthopaedic specialist being able to intervene if chiropractic treatment goes on for an extended period without being resolved. The board still keeps a kind of control over it.

The DRC is not completely autonomous. There are higher medical and administrative authorities over the centre itself, and they may be saying that that process should not be available at Downsview. I am not exactly sure.

**Ms. Collins:** Thank you.

**Mr. Chairman:** Mr. Wildman.

**Mr. Wildman:** Mr. Chairman, I would be glad to defer to my Tory colleagues.

**Mr. Chairman:** There are none here.

**Mr. Wildman:** In that case, I will go ahead.

In your presentation on subsection 45(5), you said that the "change in the interpretation of subsection 45(5) is a cutback in service entitlement", and you questioned the way that change came about. Could you tell us something about how staff at the board were informed of the change and how that process worked—that is, how your members were instructed in the different interpretation of what subsection 45(5) meant?

**Miss Haffenden:** OK. I understand that it went through very, very quickly. I think the manual holders were notified before the staff was notified. Then it would have been about two and a half weeks, I think, after the board of directors endorsed it that they started a training process; I guess you could call it "train the trainers," a cross-section of both union and nonunion employees who have had experience dealing with subsection 45(5) in the past. They gave them some training, and they were to take it out to their peer groups and provide them. It was for all levels of staff. There were some management people, some union people, some nonunion and

nonmanagement as well, but all had the training and then they just passed the word on that way.

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**Mr. Wildman:** Was a rationale provided for the change?

**Miss Haffenden:** Legal interpretation. That was the reason we were told it was changed. "We have now got a legal interpretation. We've been doing it wrong all of these years and we're not going to do it right," was the explanation when we tried, in many cases, to find out why.

**Mr. Wildman:** There was no suggestion that there might be an attempt to recover all the moneys that had improperly been paid out in the past?

**Miss Haffenden:** No. That was the consistent explanation: "It is a legal interpretation," that whole "earnings capacity" phrase in the act has been interpreted incorrectly where workers were getting, say a 20 per cent pension plus an 80 per cent supplement without any time frames without any consideration for earnings capacity. It was just the legal terminology, we were told.

**Mr. Wildman:** I think it is on the second page, at the top, at the end of the paragraph. You say, "And in the process how many injured workers will fall through the cracks of an internally integrated and externally fragmented service delivery system?" You have talked a little bit about that. Could you elaborate on what is meant by "internally integrated and externally fragmented delivery system"?

**Miss Haffenden:** The "internally integrated" is the board's reference to its integration of service delivery internally. It has integrated claims, rehab and health care in this structure called it client services. In the integrated service units, it is integrated; in the regional offices, it is still a little bit different, except for Windsor. Regional Offices still have a claims department, a health care department and a rehab department. Depending on how Windsor works out, you expect the other regional offices to be integrated under their regional setting but set up like an integrated service unit.

It is just that it is internally integrating services, and in many respects is hard to do against that. I think 20 years ago, which was a little bit before my time at the board, a commission composed of adjudicators did both claims and health care functions, and all of the support including payment, word processing and inquiries—the only things that were detached were pension and the rehab. Then they started carving off departments—payment processing, health



benefits and so on—and now they have gone circle and they have gone back to that.

he integration aspect is not a bad idea. One of fundamental problems with integration right is the postal code or the allocation by employer.

he “externally fragmented” reference is to the medical and vocational rehabilitation g seen to be a good service delivery system being very fragmented in terms of the ker. Instead of going directly to the board for services, the worker is referred out to medical es or vocational rehabilitation personnel have their own company or social workers. list goes on and on. That is why the term is ernally fragmented.”

**Mr. Wildman:** Right. Do you have any mation with you about the case load a case er is expected to handle?

**Miss Haffenden:** No. I have no idea.

**Mr. Wildman:** We had figures given to us by d staff about vocational and medical rehabil- on which indicated that, in terms of vocation- habilitation, there were something like 6,000 red last year.

**Miss Haffenden:** I would not know the exact bers. I can give you some case load sizes.

**Mr. Wildman:** About 3,000 were actually d. I think those numbers are correct, so it about half. I would be interested in case load s. That would be interesting.

**Miss Haffenden:** They vary, but case load are still extremely high. I think that was a mission we made to the task force. It also e comments with respect to case load size, in order to properly handle the rehabilitation worker, the case load size should be limited, ve some sort of cap on it.

**Mr. Wildman:** And it does not now?

**Miss Haffenden:** No, there is no ceiling.

**Mr. Wildman:** I have a final question with rd to your conclusion. This refers back to ething you said earlier about the position of Minister of Labour in this process. In your mission, Mr. Sorbara has taken the view that ministrative decisions of the board are the d's responsibility.

**Miss Haffenden:** That is right.

**Mr. Wildman:** While he has legislative diction over the board, he does not get lved in the administration decisions.

**Miss Haffenden:** No.

**Mr. Wildman:** In your conclusion, you say, hope that this committee, the Minister of

Labour and the government can intervene and exercise their authority over the board to hold the board accountable and reverse the current trend to the reduction of service delivery.” At this point, do you think the corporate board is not being held accountable by the government?

**Miss Haffenden:** Do you mean the board of directors or the corporate board, the senior administrators?

**Mr. Wildman:** Both.

**Miss Haffenden:** I think the board of directors has to deal with an incredible volume of issues, if you take each one of those lines in the little communiqué and expand it to pages and pages of documentation. That is the impression given when you read the communiqué, the magnitude of the issues they are dealing with. They have to decide on the money and they have to endorse, whatever. Whether it is policy or funding or whatever, I think the board of directors has an incredible amount to deal with on a monthly basis. Whether or not they are really given the time or support to make good decisions, I do not know, but it seems like an incredibly high volume.

I think the administration of the board is trying very quickly to appear to be very fiscally responsible and show that the spending is not out of control and everything is well within a certain budget and so on. But that is on administrative costs; the costs are going to show up somewhere.

**Mr. Wildman:** Do you think the thrust of the board's administration towards reducing costs is to cut benefits and cut services rather than increasing rehabilitation and getting workers back to work as soon as possible?

**Miss Haffenden:** Yes, they will try to reduce administrative costs. Whether they can reduce the entitlement, it is like the same old story of unemployment insurance: the more unemployed there were, the tighter the legislation became in terms of being able to get the benefit. I think that is the same thing that is happening here, in particular with subsection 45(5).

On the administrative side of things, the way to reduce administrative costs is to reduce the number of board people directly involved, and the cost will show up as a fee-for-service cost. You are scaling down administratively internal- ly; but the cost is there, it has to be paid for somehow.

**Mr. Wildman:** So it will be transferred to welfare or—

**Miss Haffenden:** If the workers do not qualify, they will go to welfare. If the workers do



qualify, you are talking about a fee-for-service basis. Right now, if a worker goes to Downsview, it is an administrative medical cost, it is not like a cost to a claim. But if they are going fee-for-service in the community, it is a fee for service showing up on the cost of the claim.

If you have a rehabilitation clinic providing vocational rehabilitation or social counselling on a fee-for-service basis, somebody else is doing the travelling around and visiting the injured workers, as opposed to your own personnel going out and travelling. That is an administrative cost which becomes a fee-for-service cost. It looks internally that you are very cost-conscious, but the costs are there.

**Mr. Wildman:** The last question I have is on Downsview rehab. You have talked about the problem of Downsview carrying out an assessment function in terms of eligibility for benefits as opposed to rehabilitation. As the regionalization progresses, how do you see that changing? Do your members have any indication of what is going to become of Downsview or whether Downsview is just going to be regionalized or what?

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**Miss Haffenden:** No. We are convinced that it is going to go. The building will be levelled and the property sold.

**Mr. Wildman:** Yes, but what I am asking is, will that be regionalized? In other words, will you have rehabilitation centres, whether they be private sector as opposed to being directly under the administration of the board on a regional basis?

**Miss Haffenden:** Yes. It looks as if the board is turning to the private clinics to have the regional rehabilitation services available in the community. Senior management went so far recently as to suggest to some of the employees at Downsview, "We can help you find a position in a regional clinic if you like, or why don't you even go into your own business?"

**Mr. Wildman:** And then contract with the board.

**Miss Haffenden:** Yes. It is very skilfully worded. They will utilize the skills of Downsview—not the facility but the skills. In other words, they will take the process that they do not want to be associated with and transfer it into the community clinics.

**Mr. Wildman:** In conclusion, just to play devil's advocate for a moment, if it is mainly an assessment function that it has been carrying out, or progressively more and more an assessment

function, would not the elimination of operation be a good thing?

**Miss Haffenden:** Not necessarily. I should not say "not necessarily"; I would say "absolutely not." The comments are made in here Downsview existed—or perhaps not at Downsview but there was a facility in Mississauga that existed for a number of years before assessment process came about. It was involved in rehabilitation for the purpose of ability disability. The focus was on ability and, ultimately, on return to work; but there was not "If you co-operate, you will not get cut off," of stigma associated with it.

**Mr. Wildman:** It was positive move to rehabilitation rather than an enforcement.

**Miss Haffenden:** Yes. It was proactive. "Let's see what this worker might be capable of doing," considering not only his physical disabilities as opposed to limitations but taking into account his educational and vocational background at a time he was at the centre so that when he came back into the community, there was some support base from which he could work. He could have further assistance in the community from rehabilitation personnel, as well as his own doctor in terms of treatment, and he could have a better sense of what he was doing in terms of his abilities.

That shifted when the legislation came in in this aspect of co-operation. Prior to that, was a point in time in almost every claim where a worker was deemed partially disabled where benefits were reduced, and he had to get back out of his money from the Unemployment Insurance Commission.

**Mr. Wildman:** So the emphasis before was on the partial ability rather than the full disability.

**Miss Haffenden:** Right. That is probably a good way of phrasing it.

**Mr. Chairman:** Thank you. I must say that in Sudbury there was a flurry of activity around regional or district rehabilitation centre being set up there, and there was a great deal of sympathy for the argument that the WCB should not have its own rehabilitation because of an inherent conflict of interest.

As long as the board is doing rehabilitation there is an incentive to keep the costs down. When assessments as a part of rehabilitation are done in the local hospital, it would be the case in Sudbury, at Laurier Hospital, it is not as though it is privatized. It is a public hospital and there is a rehabilitation

e. If the injured worker goes in there, there is incentive on the part of that doctor to keep the costs down, to do an assessment for cost-saving purposes, and there is this very strong feeling among a lot of people that the worker is better off at rehab clinic, if you will, than he would be at Downsview, because there is not that conflict of the board doing its own cost controls. That is the allure or the enticement of closing Downsview. I do not know of anybody else who has pleaded for keeping Downsview open. I understand your position; it is your job to defend injured workers.

**Miss Haffenden:** I understood the position "Change it; don't scrap it." I think the nature of the public outcry was "Fix it but don't get rid of it."

**Mr. Chairman:** Right, but as long as the old is doing rehab, can you really change it?

**Miss Haffenden:** I will respond with a question. Why is it that it did medical rehabilitation at Downsview for 30 or 40 years without it being a problem? Then when the legislation changed, the board just could not cope with the change and it became a cost-control measure.

**Mr. Chairman:** Go back the other way.

**Miss Haffenden:** Right, and use it as a regional facility, just like you might in Sudbury. There is plenty of need and demand for a regional facility located in that area of Metropolitan Toronto, plus the specialization that exists. I made a comment earlier; I think you missed that comment. I said it would make economic and medical sense that if you have a worker who is stuck in Kenora and it is going to cost thousands of dollars to send him to Thunder Bay to stay in a hospital to have physio/occupational therapy, it would make more sense for him to go to Downsview for a few weeks because he is going away from home anyway.

Another area, too, is that there are areas of specialization in severe head injuries. I have said it said, though there may not be many workers who will stand up and make the argument, that there are not a lot of good facilities here in the province. There are some severe head injuries that end up at a special clinic in the United States, which is very costly—about \$100 a day.

**Mr. Wildman:** There is one in Calgary.

**Miss Haffenden:** The board treats over 250 neurology cases a year at Downsview. Even if the facility were expanded in areas of specialization to handle more of the special circumstances, it would be much more cost-effective than sending injured workers to Calgary or to the US. They are going to be away from home anyway if they are going to Calgary or the US, so distance is a problem but not as much of a problem. I guess it is an area they have never considered expanding on.

**Mr. McGuigan:** I would like to point out that the government has announced a number of beds for people with head injuries—not a large number, 20 or 30, something like that. I do not know just where they are. It is for the province, of course. I guess it was in Hamilton, was it not?

**Ms. Collins:** I think it was McMaster.

**Mr. Chairman:** Miss Haffenden, thank you very much for appearing before the committee and giving us the views of the people who are very directly in touch with injured workers.

Just before Ms. Collins leaves—not to single her out, of course—on Wednesday, we are having the WCB come back before the committee. You may recall that was requested. It has been a month since it was here before, and there has been a lot of water under the bridge since then. Merike, our research person, has been keeping track of the specific problems and the questions that people have had of the board. We do not want to pre-empt the role of the committee members, obviously, but would the committee accept a number of questions coming from Merike? It will be orderly and by category, and I think we are less apt to miss some of the major issues that were raised.

**Mr. Miller:** Excellent idea.

**Mr. Chairman:** OK. We could do that on Wednesday. We will make sure it will not take up all the time, because members should have a chance, but I think that would be a good idea. If we are going to write a report, we want to make sure our points are well taken.

The committee adjourned at 5:50 p.m.

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Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

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McGuigan, James F. (Essex-Kent L)

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Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Lupusella, Tony (Dovercourt L) for Mr. Leone

**Also taking part:**

Johnson, Jack (Wellington PC)

**Clerk:** Decker, Todd**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:****From the Council of Ontario Construction Associations:**

Dolson, Doug, Chairman

MacDonell, George, President

Sweica, Carmer, Chairman, Workers' Compensation Committee

Frame, David, Executive Vice-President

**From the Canadian Union of Public Employees, Local 1750:**

Haffenden, Carol, President









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# **Hansard**

## **Official Report of Debates**

### **Legislative Assembly of Ontario**

**Standing Committee on Resources Development**  
Annual Report, Workers' Compensation Board, 1986

**First Session, 34th Parliament**  
Wednesday, June 15, 1988

**Speaker: Honourable Hugh A. Edighoffer**  
**Clerk of the House: Claude L. DesRosiers**

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, June 15, 1988

The committee met at 3:37 p.m. in room 151.

### ANNUAL REPORT, WORKERS' COMPENSATION BOARD, 1986 (continued)

**Mr. Chairman:** This is the last day of our sittings on the Workers' Compensation Board. We have heard from all the interest groups. Now we are going to hear a rebuttal. Perhaps that is the wrong way of putting it.

The chairman of the Workers' Compensation Board, Dr. Elgie, has been following the proceedings, I assume, because he has some answers to some of the questions that have been raised. I will turn the meeting over to Dr. Elgie. Merike Disso, our research person is keeping track of the questions because Merike had some that we were going to ask Dr. Elgie anyway. Then when this is finished, we will see which ones of those Dr. Elgie is able to answer.

**Dr. Elgie:** It is hardly a rebuttal, Mr. Chairman. I have been up in Nickel Belt for the past 10 days with the Nickel Belt debating society. You may know them. They meet annually.

**Mr. Chairman:** It is a bit scary actually.

**Dr. Elgie:** You have avoided that.

On May 25, I presented a statement to the members of this committee regarding recent initiatives within the Workers' Compensation Board. On that date, members of the committee asked a number of important questions relating to this statement and voiced other concerns.

As a result of these discussions, I felt it appropriate to make a follow-up statement in which the points raised could be addressed. In addition, staff from the Workers' Compensation Board have had the opportunity to sit in on the remaining sessions of the committee in which other workers' compensation groups have made presentations. During these sessions, a number of further questions were raised. I have also felt it appropriate to address these matters in a response.

Finally, during these sessions, several inaccuracies regarding the policies and practices of the Board were placed on the record. If I may, I would like to clarify some of those points.

Let me then proceed to respond to the questions which were posed earlier. During the

May 25 session of the standing committee, the Leader of the Opposition (Mr. B. Rae) raised several inquiries relating generally to the subject of compensation for occupational diseases. In particular, he sought responses to certain questions regarding the compensation of gold miners who had developed occupational cancer.

He asked first for the number of claims that had been accepted under the board's recently enacted policy for the compensation of gold miners. This policy was put in place in November 1987. At present, the board has established a total of 475 claims for gold miners. Of these, many were submitted by the gold miners themselves, by their dependants, by members of the Legislature or by the relevant trade unions. In addition, the board, on its own initiative, established a number of claims by matching the board's records on gold miners with mortality statistics maintained by Statistics Canada. To date, 190 of the 475 claims have been allowed. I should indicate, however, that in 80 of those 190 cases, to date, no living dependant has been found. An additional 90 cases have been denied, with decisions pending in a further 195 cases. Decisions in all these remaining cases are expected to be made by the end of July 1988. Members may be interested in knowing that the average benefits paid on a successful claim, to date, have run in the neighbourhood of \$130,000.

The Leader of the Opposition next asked about the board's policy with respect to compensation for stomach cancer in gold miners. I wish to advise the committee that on August 18, 1986, the board wrote to the industrial disease standards panel to request advice on the probable connection between work in gold mines and the incidence of stomach cancer. On April 15, 1987, the panel advised the board that it did not find a probable connection between stomach cancer and occupational groups within the Ontario gold mining industry.

The panel based its conclusion on a number of factors which I believe are important to summarize. First, the panel found that the statistical evidence from other jurisdictions did not support a causal connection between exposure and disease. More specifically it appears that only one study has revealed a significantly elevated

risk of stomach cancer in gold miners. On the other hand, several studies reviewed by the panel have shown actual reductions in the rate of stomach cancer.

Second, the panel found that the elevated risk of stomach cancer in gold miners did not appear to be causally related to occupation. They determined that the Ontario findings did not satisfy the key test of causality in that one could not establish a dose-response relationship between exposure and stomach cancer. If gold mining had been the cause of the cancer, then increased exposure should have led to an increased risk of stomach cancer, while in fact the panel found just exactly the opposite trend: that is, the risk of stomach cancer declined as gold mining exposure increased.

Despite these findings, the board acknowledges that more research must be carried out on this issue. In this respect, in conjunction with the Ministry of Labour and the Atomic Energy Board of Canada, we are funding follow-up research to the Ontario miners' mortality study which will further investigate this possible connection. The results of this study are expected in 1990.

With respect to specific compensation statistics, to date, the board has received eight claims on behalf of gold miners for stomach cancer; but, as I say, in the absence of sufficient evidence to confirm a relationship, the board is not in a position to accept these claims.

The Leader of the Opposition then dealt with a much broader question, the question of the undercompensation of workers who have suffered occupational diseases. During the May 25 session of the committee, he made reference to a report prepared by Dr. Yassi where it is estimated that 6,000 deaths occur annually in Ontario which are attributable to occupational diseases.

Before addressing this important point, I should indicate that there exists a difference of opinion in the scientific community with respect to whether the estimate provided by Dr. Yassi is accurate. In her report she indicates that the percentage of cancers occurring in the province with an occupational connection falls within the range of 15 to 25 per cent. On the other hand, professors Doll and Peto, in studies that have been more widely accepted, have concluded that occupational cancers will typically represent five per cent of all cancers in an industrialized society.

Irrespective of which estimate is thought to be correct, I recognize, as the board does, that there exists a significant undercompensation of workers who have developed occupational cancers

and other work-related diseases. The board believes that this undercompensation arises from several reasons.

First, the worker, the employer and treating physicians may fail to recognize a particular condition as having an occupational cause or origin. This may occur because of the relationship between exposure and outcome is still unclear.

Second, the period between first exposure and the development of occupational disease, known as the latency period, is typically very lengthy, making recognition of the linkage very difficult.

Finally, some cancers that are recognized as occupationally induced may also, unfortunately, be caused by nonworkplace factors, again creating difficulty in establishing that work-related causal relationship.

In order to address the problems associated with the identification of occupational disease, the board has from time to time undertaken outreach programs, in which physicians and employers have been asked to consider the potential contribution of occupational exposure when a disease is diagnosed. For example, a number of asbestos claims were established as a result of employers reviewed their workers' medical personnel records.

In situations where the WCB has adequate occupational disease data, as it did in the case of gold miners where approximately an eight-year study had been carried out, the board has actively sought out potential claimants by cross-checking the board's data with that provided by Statistics Canada. The initiatives hopefully being undertaken by the various medical faculties in Ontario universities should also help to heighten awareness within the medical community about the relationship between occupational exposures and occupational disease.

Undercompensation may also occur because the medical and scientific communities, segments thereof, do not recognize the connection between workplace exposures and an occupational disease. In such situations, the board must make a very difficult judgement as to whether a reasonable connection exists.

In this respect, I should point out that the board has recently established a new occupational disease department and has strengthened resources through the hiring of additional scientific and technical personnel. This initiative provides board staff with the necessary resource to evaluate issues of medical causation. This approach should also address Mr. Di Santo's concern that the treatment of occupational



ses within the board has historically lacked sufficient focus.

honourable members will know, the board receives advice on occupational diseases from the Industrial Disease Standards Panel. Under section 86p of the Workers' Compensation Act, the panel is empowered to investigate possible relationship between exposures and industrial diseases and to advise the board accordingly. The board hopes that increased knowledge on the part of workers, employers and the medical community about the issues surrounding occupational disease and the increased expertise available regarding the process of adjudication will lead to a greater proportion of occupational diseases being compensated.

During the committee meeting of May 25 as the Leader of the Opposition and Mr. Wildman posed a number of questions relating to the board's new approach for interpreting subsection 45(5) of the Workers' Compensation Act. As members will know, this is the relative provision which empowers the board to pay temporary supplements to workers in receipt of permanent disability pensions who are participating in medical or vocational rehabilitation programs.

The Leader of the Opposition asked for statistics on the number of supplements which have been granted since the date of enactment of the policy, November 9, 1987, when compared to the period prior to that date. I expect that the honourable member's concern flows from a perception that the new interpretation of the threshold test in subsection 45(5) is more stringent than the previous interpretation.

This view, in turn, would lead to the inference that a large number of workers are being denied entitlement to temporary supplements. For the benefit of members, the threshold test set out in the statute specifies that a worker may only be entitled to a supplement where his or her impairment of earning capacity is significantly greater than is usual for the nature and degree of injury.

I should indicate that the new policy on temporary supplements not only revised the interpretation of the threshold test, but refocused attention on the link between the provision of such temporary supplements and vocational rehabilitation.

Board administrators concluded that there was a need to revise the interpretation given to this threshold test to bring it into conformity with the law. It was thought, however, that the practical

impact would not result in fewer supplements being awarded. This belief, at least to date, as we shall see, is borne out by the statistical information I am presenting here.

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For the first four months in 1988, the number of full supplements and wage-loss top-up supplements granted to injured workers totalled 1,671. For the comparable period in 1987, the figure was 1,472. In percentage terms, for the four-month period in 1988, full supplements and wage supplements were awarded with respect to 53 per cent of all pensions which were issued by the board, compared with the 38 per cent figure reported for the comparable period in 1987.

During the May 25 meeting, Mr. Wildman also noted that in early 1988 the board decided to grandfather benefits to workers who had been in receipt of supplements prior to November 9, 1987, under the older policy. Mr. Wildman indicated that this approach was inequitable since two categories of workers were being treated differently. In responding to this point, I should indicate that the rationale underlying this decision was consistent with the board's general policy on retroactivity and very much reflected considerations of equity.

In making this determination, the board recognized that there were workers who had been in receipt of supplements prior to November 9, 1987, who might not have completed vocational rehabilitation programs under the former policy. As a result, an addendum to the revised policy was introduced. This addendum specified that when the files of these workers were reviewed in the usual way, the adjudicator should consider whether or not the individuals had already received or had been offered vocational rehabilitation programs which would aid them in returning to suitable employment.

If the answer to that question was no, then there would be a requirement for a vocational rehabilitation program to be offered to the worker. Since workers in this category were in receipt already of supplementary benefits under the previous policy, they were presumed to have met the threshold requirements of the revised policy.

From the analysis and the statistics presented, it is clear that the perception apparently held by some members of the injured worker community, that the objective of the new supplements policy was to reduce the level of benefits paid to injured workers, is inaccurate.

Members may be interested to note that the issue of supplements was discussed at the June 3

meeting of the board of directors. During that session, material relative to the subject was circulated to all members of the board of directors. So as to maximize the understanding of this issue among committee members, I am having the material that was presented at that meeting circulated to members of this committee with the concurrence of the members of the board of directors.

The next set of questions raised by committee members related to the work of the board's vocational rehabilitation counsellors. First, Mr. Rae asked for information on the average case load carried by a counsellor. I am pleased to provide that information. In the 1987 calendar year, the average case load carried by a vocational rehabilitation counsellor was 88 files. Based on the statistics available for the first five months of 1988, the average has fallen slightly to 86. The comparable averages for the years 1983 through 1986 are 65, 64, 71 and 75.

The board believes, however, that the average case load is only one of a number of factors which must be considered in assessing the effectiveness and productivity of counsellors. Other factors of importance are the type of cases being carried, the geographic distribution of those receiving services and the follow-up schedule for the cases.

I would like to mention that the new proposed vocational rehabilitation strategy recently announced by the board will provide us with an opportunity to address our current methods of delivery of service. It is our hope that the implementation of this strategy may relieve some of the pressure caused by current case loads.

Mr. Miller was good enough to ask for the number of injured workers whom the board had placed in employment positions in 1987 and in previous years. I am pleased to advise him and the committee that in 1987 suitable employment was found for 5,229 workers or approximately 48 per cent of the vocational rehabilitation case load. These totals have been climbing consistently since 1983. The exact comparative figures for re-employed workers for the preceding years are as follows: 1983, 3,188; 1984, 3,714; 1985, 4,874, and 1986, 5,151. The figures available to date allow us to project that in 1988, an estimated 5,500 injured workers should obtain employment. If that comes to fruition, that would be an increase of five per cent over 1987.

The next question raised by committee members concerns the review being carried out by the board of directors of a series of Workers' Compensation Appeals Tribunal chronic pain decisions under section 86n of the Workers'

Compensation Act. In particular, the Leader of the Opposition wished to know when the board of directors might render its decision on outstanding cases. Since this is an extremely complex issue, I would like to take a few moments to sketch the history of the subject.

The first four appeals tribunal decisions which raised these issues were considered by the board of directors during its December 1987 meeting. At that time, board members decided that the undertaking of a section 86n review of the issue of general law and policy raised in these decisions should not take place until the appeals tribunal rendered its addendum to decision 915. In this addendum, the appeals tribunal considered the issue of retroactivity in the context of chronic pain decisions. This latter issue may be stated as follows: Once a decision has been made to pay benefits for a newly identified medical condition, at what point in the past, real or hypothetical, should these benefits commence? The board of directors agreed that it would be essential to consider the appeals tribunal's reasoning on this matter during the course of a section 86n review. The same position was taken by board members when they considered the other 16 appeals tribunal decisions.

As honourable members may know, the appeals tribunal held a hearing on the retroactivity issue in October 1987 and rendered its addendum to decision 915 on May 5, 1988. This decision provided a lengthy and complex analysis of the retroactivity issue and ultimately took a position different from that expounded by the board of directors in its policy on chronic pain disorder established July 3, 1987, and on its policy on retroactivity established October 1987. The appeals tribunal decision was considered by the board of directors on June 3, 1988 and it decided to initiate a section 86n review involving issues of general law and policy in relation to those 20 WCAT decisions. Each of these cases dealt with the subject of chronic pain and with the retroactivity issue with respect to benefit payments. The adjudicative approach taken by the appeals tribunal directly contradicted comments of the chronic pain disorder and retroactivity policies very recently enacted by the board of directors.

Now that the addendum has been rendered, the board will be contacting the parties involved in finalizing the issues to be considered at the section 86n review. It is the intention of the board of directors to have this exercise carried out as soon as possible, although the actual date will have to take into account the schedules of



participants and the complicated issues to be considered. While there is every desire to expedite the process, it is essential, in the board's view, to provide time frames which are fair to the participants.

When the board exercises its discretion under section 86n of the Workers' Compensation Act to review decisions of the appeals tribunal, the respective roles of the tribunal and the board are brought into sharp relief. In the tribunal's second annual report, a copy of which was provided to the committee, Mr. Ellis comments that, in his view, the board's position is that except where a review under 86n is initiated, the board will not usually consider itself obliged to adopt the decision of the tribunal as indicated in the recommendations rendered.

We believe it is important for the board to place its position on record with respect to this issue.

It is important to realize that the tribunal panels themselves do not necessarily consider that they are bound by decisions which have been rendered by other panels. The board shares this position, for somewhat different reasons.

First, the appeals tribunal may render decisions without the input or even the participation of the board. As a result, the board's position on important issues may not have been fully expressed or appreciated when a tribunal decision is rendered. For the board to apply such decisions to all subsequent claims without this input or analysis would be inappropriate.

Second, an individual decision produced by the tribunal may mark only the beginning of a series of decisions or policy which will eventually evolve. Thus the position taken by a tribunal panel at one particular point in time may be reversed several weeks or months down the road. The board must have regard for hundreds of thousands of claim files. Thus, there is a need to ensure that the state of the law regarding specific issues is sufficiently settled before the board can sensibly adopt a position expounded by the tribunal.

Third, in rendering its individual decisions, the tribunal may not be fully aware of either the administrative or the cost implications of significant decisions. These are issues of vital importance for the system and must be fully canvassed before a new policy approach can be adopted.

There are two ways in which the board can react to particular appeals tribunal decisions which raise broader policy issues. First, the board, after considering the matter, may imple-

ment a specific decision even though concerns exist about the implications of that ruling, and this happens fairly frequently. In these cases, the board will advise the tribunal of its concerns and ask for the opportunity to make submissions on the issue with respect to any future cases which may be heard. As well, the policy issues raised by the appeals tribunal decision may be referred to the board's operational policy department where these positions are not consistent with the traditional board approach. In this fashion, both the old policy and the interpretation contained in the tribunal decision can be compared in a systematic way.

I should indicate that this approach, which I consider to be very constructive, has already led to certain policy changes within the Workers' Compensation Board.

Second, the board may undertake a review of the issues of policy and general law contained in these decisions pursuant to section 86n of the Workers' Compensation Act. This route, I should add, has been followed but only very rarely.

A further point raised during the May 25, 1988, session involves the issue of the board's responsibility for the medical rehabilitation of workers and, in particular, the status of the Downsview Rehabilitation Centre. It would be helpful for me to begin my discussion of these issues with a short review of the development of the board's new medical rehabilitation strategy.

As some members may know, the board has been involved in medical rehabilitation since 1932. From 1958 onwards, the organization has operated a rehabilitation centre on its Downsview site. Over the past decade, improvements in medical rehab and changes in the system of workers' compensation have required the board to review its rehab programs for injured workers. In this respect, a number of advances in technology and in administrative procedures at Downsview were introduced in the early 1980s.

In the midst of these initiatives and other reviews, the centre became the focus of media attention, which led to a number of additional investigations and reviews. One of these inquiries was carried out by the Downsview review team, which was established by the former Minister of Labour in December 1986.

In late 1987 and early 1988, the WCB developed a new medical rehabilitation strategy, which reflects advances occurring in this area. This initiative represents not only a positive response to the concerns raised by the Downsview review team and by others but goes beyond



the recommendations made in these documents. In March 1988, the board of directors reviewed this proposed strategy and instructed board administrators to prepare a report on the feasibility of such an initiative. This revised document will be presented to the board of directors in the fall.

In the meantime, Workers' Compensation Board officials are undertaking discussions with the Ministry of Health and the Ministry of Labour, as well as with other relevant organizations. One key item under review involves the future of the Downsview Rehabilitation Centre. Since the new strategy embraces the principle that adjudication and medical rehab functions should be separated, the long-term future of the Downsview facility remains undetermined. I should stress, however, that no decision has yet been made about the future of that institution. Such a determination remains to be made by the board of directors, but there should be no question that the centre itself, and particularly the conscientious work of its staff, have contributed significantly to the rehabilitation of thousands of injured workers. It is the expectation of the board that the commitment and expertise of Downsview staff will assist greatly in the implementation of the board's new medical rehabilitation strategy.

Among the other principles which guided us in the formulation of this strategy was the need to provide high-quality medical services which are well co-ordinated with other health service delivery mechanisms available in the province. There was a consensus that such services should be delivered as close as possible to the injured workers' homes. Finally, the rehabilitation must be available on a timely basis to minimize the periods of disability and disruption in the lives of workers with job-related injuries.

During the May 25 session again, the Leader of the Opposition commented that he would very much like to see the board's occupational rehab mandate extended into the community and, in particular, to the universities. In my previous response to the honourable member, I commented on some progress which had been made in disseminating the principles of occupational medicine into the universities, and I would like to supplement those comments with a brief review of how the board's proposed medical rehab strategy would facilitate the goals that the Leader of the Opposition and I agree are significant.

The board's new strategy calls for a three-tiered approach to the delivery of medical rehab. On the first level, community-based clinics

would be established to provide advanced intensive paramedical rehabilitation services; for example, physiotherapy, occupational and social work. These clinics would supplement the medical treatment already provided by injured workers' own physicians.

The second level would consist of regional evaluation centres linked to local universities. These centres would focus on cases in which medical recovery is prolonged or where return to work is difficult. The centres would provide injured workers with comprehensive multidisciplinary evaluations designed to confirm that the diagnoses are complete and treatment strategies developed are appropriate. In addition, the evaluations would estimate a worker's future progress to recovery and would document the individual's present functional capacities. These regional evaluation centres might also participate in research and provide training opportunities for rehabilitation professionals in the area.

On the third level, a medical rehabilitation institute would be established and linked to a major university-affiliated teaching hospital. The primary focus of such an institute would be to conduct and co-ordinate epidemiological research into work-related injuries and rehabilitation problems. In addition, the institute would also develop quality control programs for services provided in community clinics and in regional evaluation centres.

While on the subject of Downsview, I would like to raise a related point. On June 1, Mr. Di Santo alluded to a decision of the board to close the claims counselling service at the centre. Mr. Di Santo is correct that the functions of the claims counselling service have been passed on to the integrated service units and to the regional offices.

Though this claims adjudication function was originally introduced in an effort to enhance the services provided to injured workers, the perception has gradually emerged that the connection between claims adjudication and medical rehabilitation services has compromised the independence of the medical advice being provided.

As I have indicated, one of the principles which guided the development of the medical rehab strategy was that the WCB's adjudication function should clearly be separated from medical rehabilitation services to avoid this so-called perception from arising.

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The board is confident that questions originating from workers at the centre will continue to

ered quickly and effectively by designated personnel in the integrated service units, and in regional offices. In addition, if injured persons receiving treatment at Downsview have concerns or complaints about their stay, they can come to address these to the patient liaison officer at the centre.

Next, the Leader of the Opposition raised the important issue of worker participation in the province's safety associations with respect, particularly, to the Industrial Accident Prevention Association of Ontario. Specifically he asked to know whether there are any plans in the works for some revision with respect to worker participation on these groups. As committee members may be aware, the safety associations, of which there are nine, are established pursuant to section 123 of the Workers' Compensation Act. The wording of this legislative provision clearly envisages that the associations will represent the interests of employers in various industries across the province. I am, however, pleased to report that there is a considerable movement towards increased labour participation in these bodies.

Let me first turn my attention to the IAPA. Recently the size of the board of directors in this organization was reduced significantly. Of the present 75 members, 25 are to be elected at large to include constituencies other than employers. This will certainly provide an opportunity for worker representation. Similarly, the Mines Accident Prevention Association of Ontario has recently amended its bylaws with respect to the number of nonemployer members on the board of directors. In 1987, two of 15 director positions were designated for representatives of labour. In 1988 the board has been increased to 20 members. It is the intention of the association to have five labour officials and two members of the general public to join its board.

The Construction Safety Association of Ontario presently has a board of directors composed of 22 members. Of this total, 15 are designated as representatives of labour or the general public. Similarly, of the 22 members on the board of directors of the Transportation Safety Association of Ontario, three are to be representative of workers.

In 1986 discussions took place between the Electrical Utilities Safety Association of Ontario, the Canadian Union of Public Employees and the International Brotherhood of Electrical Workers, regarding labour participation on the board of directors of this group. Although these discussions were not immediately fruitful, there

presently exists a tripartite committee, chaired by the general manager of the safety association, which has been operating effectively since 1977. This body is composed of four representatives each of labour and management, along with representation from the Ministry of Labour. It meets every two months to discuss issues relevant to health and safety in the utilities sector.

I should also point out that the Forest Products Accident Prevention Association has adopted a tripartite program for the development of a retraining program for workers in the logging industry. Finally, I would note that a committee composed of officials from the Health Care Occupational Health and Safety Association, and representatives of major unions in the health care field, have met periodically over the last 18 months to develop guidelines for consideration by joint health and safety committees in health care institutions.

As will be evident from these comments, there has been gradual progress made in increasing the amount of labour participation in safety education. As I am sure all members will agree, it is desirable for labour and management to work collectively in the development of occupational health and safety training programs. In this respect, the board is actively encouraging further measures on the part of the safety association to increase the level of labour participation in the governance of these bodies, as well as in the design and delivery of health and safety education programs.

Finally, Mr. Rae and Mr. Wildman inquired about the status of a claim file involving a 63-year-old individual who had been exposed to lead dust at Toronto Refiners and Smelters. I have asked my officials to review this claim and this process is now under way. I wish to report to committee members, however, that the worker has advised his vocational rehabilitation counselor that he had obtained employment in a construction-related job to commence June 7, 1988. When further information is available, I will forward it to your committee.

As members will recall, board officials discussed certain aspects of this case before the committee on May 30. At that time, Mr. Wildman, in particular, raised concerns that the present board policies relating to the compensation of injured workers who had been exposed to substances designated by regulation may need to be reviewed. After having read the discussions on this issue, I agree that the board should review its present policies to determine whether revi-



sions are required, and I can report that this process is in fact under way.

I would now like to deal with some of the questions which were raised by the groups which made presentations to the standing committee. In addition, it would be opportune to comment on certain inaccuracies which my officials have identified in the statements made by certain members of the groups.

I would like to deal first with the issues raised by the office of the worker adviser. On June 2, Mr. Di Santo commented on the length of time it took to obtain responses to inquiries. This is an important point which I would like to address. As committee members will appreciate, the implementation of the integrated service units within the board was a massive exercise. The former claims adjudication branch was completely restructured, which resulted in a series of significant administrative challenges. Obviously, the flow of files was a priority which had to be addressed.

In order to deal with this issue, board officials, on a priority basis, identified all active files within head office. These files were in turn allocated to the appropriate integrated service unit and to the new regional offices where applicable. Because of manpower and time constraints, however, many inactive claim files were not allocated in this fashion. As a result, when inquiries arise pertaining to these files, such as in cases of recurrences, it will typically take the organization longer to locate the files at this time and to deal with the inquiry. I expect that this situation will be temporary in nature and that all inactive claims will be properly allocated according to ISUs by the end of the year.

Another difficulty the organization faced involved a backlog of mail which accumulated while the ISUs were being organized. I am pleased to report that significant progress has been made in reducing this backlog. As many members will recall, one major objective in establishing integrated service units was to decentralize client services within the board. It is expected in this respect that workers who deal with a particular ISU will obtain far easier access to their claim files. I fully expect this objective to be realized once the growing pains associated with the integrated units have been resolved.

At this stage, I would simply like to draw to the attention of members of the committee the magnitude of the challenge the board faces. At any given point in time, there exist approximately 45,000 active files in head office. In addition, over 450,000 inactive files are stored on the

board's premises, let alone the many thousands that are stored offsite. Members will appreciate, therefore, that it will take some time to integrate the filing process into the new organizational structure.

Mr. Di Santo then indicated that workers experienced delays in receiving access to claim files under section 77 of the Workers' Compensation Act. Before commenting on this issue, it would be useful to explore the provisions mandated under the act when a worker asks for access to his or her claim file.

Subsection 77(2) of the legislation obliges the board to screen all claim files to determine whether they might contain medical or other information that would be harmful to the worker if given to the individual. Where such a situation is identified, the board is then required to provide copies of this medical information, not to the worker but to the individual's physician. The intent of the section is to ensure the information will ultimately be communicated to the worker by a health professional who fully understands the implications of the medical opinions contained in the report.

My officials advise me that approximately 20,000 worker requests for access are expected in 1988. I also understand it may take up to several hours for an access administrator to review a claim file pursuant to the statute. The statistics available for the first quarter of 1988 indicate that the access area has been able to process well over 70 per cent of worker requests for access within 10 working days. I should like to note that in emergency situations access can be made available in as little as 24 hours.

## 1620

Some additional administrative delays have, however, emerged in the process because it typically takes several additional days for either the ISU or the regional office to pass the claim file to the access area. This is a matter of considerable concern to the organization, and I am pleased to report that meetings among senior members to address this issue have already taken place. The present objective is to ensure that a copy of a claim file can be passed to the board's access area in considerably less time.

There are several additional initiatives in the area which I would like to discuss. From commencing in July of this year, we will embark on a pilot project for the regionalization of access, commencing in the Hamilton regional office. Simply put, access to claim files belonging to that office would be processed in Hamilton rather than at head office. It is expected



ive will cut several working days from the t would typically take a Hamilton worker to ve a claim file. If this project is successful, it be extended to the other regional offices n the organization.

cond, discussions have also taken place g my staff regarding the institution of a new ss for the screening of medically harmful mation. Briefly put, it is proposed that s adjudicators and physicians, in the course eir ordinary work, would initially screen ements placed in claim files to determine her they might contain medically harmful mation. If this was the case, an appropriate ould be placed on the claim file.

ould the claim in question ultimately me the subject of an access request, the ss administrator could simply check a part of acket to determine whether there existed ful medical information. It is expected that initiative, which will take several years to be completed, given the number of dated claim within the organization, will significantly ce the time it takes for a worker to obtain ss to his or her claim file.

uring the course of Mr. Di Santo's presenta- the chairman of this committee raised the t of the exclusion of certain industries from abit of the act, thereby avoiding universal ensation coverage for workers in the ince.

ere is no doubt that at the present time a ty of industries are excluded from the ensation system in one of two ways: Either ndustry is specifically excluded by the terms egulation 951 made pursuant to the act or it is ncluded within the terms of either schedule 1 chedule 2 of the statute.

espite these exclusions, sections 95 and 96 of act permit the board, upon the application of employer, to add that employer to schedules 1 for such time period and upon such terms and ditions as the board may determine. How- r, these sections only provide for employer- ated applications. While the board may vely encourage excluded employers to opt the system, ultimately the decision is sently in the hands of the employers them- es.

wish to advise committee members that the rd is presently examining some aspects of this ation. A legal opinion is being sought on the sion of the validity of the exclusion of employers and workers from the compensation tem in light of the equality provision of the adian Charter of Rights and Freedoms. The

board has also commenced a policy review of this subject. However, as both the board and this committee noted when discussing the issue in 1985, its ultimate resolution is largely a matter for legislative revision.

I should also indicate that I have recently held discussions with a number of representatives of the worker community regarding this issue. There was unanimity that the present scheme of excluded industries may represent an historical anomaly that should be re-examined.

In a related matter, members of the committee raised concerns about the obligation of an excluded employer to inform workers who commence employment about the absence of compensation coverage for that employment. At present, to the best of my knowledge, there is no statutory obligation on such employers to inform their workers of their excluded status.

There might well be a case to be made that an employer has an individual contractual obligation to fully discuss all the terms and conditions of employment with a prospective employee. However, this is clearly a matter beyond the board's jurisdiction. If an employer is not covered by the act and has not applied for coverage, the board has no authority respecting that employer's obligations towards his or her workers.

If I may, I would now like to turn to several of the points raised in the submission made by the office of the employer adviser. During the May 30 presentation by Mr. Mandlowitz, he recommended that the current form 7 should be available in both the English and French languages. To refresh the memories of committee members, form 7 refers to the "Employer's Report of Accidental Injury or Industrial Disease." This is the form an employer will typically remit to the board to establish a claim file.

I would like to indicate to committee members that since January 1985, the board has a printed form called form 7b. This document translates the categories contained in form 7 into the French language. Supplies of that form 7b may be obtained directly from the board by any employer.

Mr. Mandlowitz also indicated that increasingly the board is awarding benefits to workers based on the doctor's first report, form 8, and only then soliciting information from the employer and/or the worker. He submits that in 1986, 86.4 per cent of the claims instituted on the basis of a form 8 were paid within 10 working days and that 97.7 per cent were granted within

20 working days. He then goes on to compare this with figures like 58.1 per cent and 78.2 per cent respectively for the year 1980. He also took the position that these awards are being granted on less than complete file information.

While the statistics provided by Mr. Mandlowitz may be accurate, the office of the employer adviser has made an erroneous assumption that awards are being granted, first, without the benefit of form 7, and second, on less than complete file information.

As a general rule, claims are not paid on the basis of a form 8 unless an employer's report of accident has also been received. The only exception occurs where employers refuse to, or are negligent in, providing the form 7. I would also point out in this respect that over the last few years, Ontario employers have become much more diligent in submitting their form 7s. As well, the board's primary adjudicators are now making more telephone calls, rather than sending correspondence to employers in cases where one or two brief questions may help to adjudicate the claim. In my view, these factors are the ones responsible for the more expeditious processing of claim files in general.

Mr. Mandlowitz also made a number of submissions regarding the manner in which the board oversees third-party actions on behalf of injured workers. He submitted in the first instance that the board will not initiate a third-party action except on the instructions of the employer. I am advised that this statement is incorrect and that the board does in fact initiate third-party actions without any encouragement from employers. The elections received from workers are reviewed by adjusters who ultimately determine whether a subrogated action should be initiated.

Along the same lines, the office of the employer adviser alleges that the board will settle cases before the injury claim has stabilized or plateaued. Once again, I am advised that this submission is incorrect. I understand a legal file is never settled before the board has received a definite prognosis on the injury and where some indication is present regarding how the injury will affect the worker's future earning potential. When the matter involves a claim for loss of income into the future, the file is always referred to a solicitor for review.

Mr. Mandlowitz also raised an issue regarding the second injury and enhancement fund. He submitted that the fund will relieve employers of some percentage of the claim costs where a pre-existing condition exists, or a prolonged

disability results or where an employer is no longer in business.

I wish to advise the committee that this last comment, particularly, is not strictly speaking correct. There are no provisions contained in legislation which would authorize the transfer of costs to the second injury and enhancement fund simply because an employer is no longer in business. Typically, what would happen in this situation is that the costs of any present and future liabilities would be charged against the appropriate rate group and not against all employers.

### 1630

I would now like to respond to a comment made by Mr. Mandlowitz relating to employment filing deadlines for Workers' Compensation Board assessments. In his statement, he proposed that the board's filing deadline should be extended from the last day in February to March 15. It is submitted that this initiative would respond to complaints voiced by small business and multi-establishment employers who are required to file their federal income statements by the end of February.

I would like to advise the committee that on July 24, 1987, the president of the board, in response to a request received from the Canadian Organization of Small Business, indicated that the board would extend the appropriate deadline by two weeks. Thus, the employer advice recommendation has already been implemented. It should be indicated that this change will affect the bulk of employers who continue to estimate payroll on an annual basis. However, I should mention that the board has a pilot project underway, involving about 17 per cent of employers who are presently remitting assessments monthly based on actual payroll figures rather than on an annual projected payroll basis. The board is monitoring this project to consider if the method warrants continuation and expansion.

Finally, the office of the employer advice recommended that a toll-free telephone service be established for employers. It was pointed out that the institution of such a service would help address employer concerns regarding financial and revenue matters. In fact, on February 1, 1988, the board's revenue branch announced the installation of two toll-free telephone lines. The numbers in question are 1-800-387-8638. These lines will service employers throughout Ontario, the maritime provinces and Montreal. Employers in the Metropolitan Toronto area in the vicinity can make use of the board's regularly advertised telephone numbers.



While my response to these questions has been satisfactory, I believe it is important for committee members to fully appreciate the complex nature of the issues which have been raised in my earlier presentation and by other compensation groups. I would be pleased to respond to any further questions you may have regarding this presentation, as well as any related compensation issues.

**Mr. Chairman:** Thank you, Dr. Elgie. The committee agreed the other day that in order to be sure a lot of the questions that were coming from members of the committee were covered, Merike Madisso would draw up a list to ask those questions. Is that still OK with members of the committee? Please feel free to participate as we go.

**Ms. Madisso:** We are going to go into the questions that were raised that you made note of while we were going through. I have tried to review the old report, first, to do a kind of status check on previous committee recommendations to see if the board has responded to that. Second, I have done a series of questions in the important areas: rehabilitation, section 86n of the act, complements and so on. They are obviously not every question that every committee member has asked. Some of them have been asked and some have been answered just now with Dr. Elgie's comment and so on.

**Mr. Chairman:** Mrs. Marland, I cannot remember whether you were here at that point or not.

**Mrs. Marland:** No, I was not, but that is fine.

**Mr. Chairman:** It was felt that this would be a more disciplined way, given the short length of time we have. We will not take the whole afternoon. There will still be an opportunity for members.

**Ms. Madisso:** I do not believe I will take very long.

Last year, the board undertook to publish a list of its doctors and their areas of specialization in either the Ontario Medical Review or the board's annual report. Can you inform the committee whether this particular recommendation has been followed?

**Mr. Chairman:** Just before you do that, I wonder if you could introduce those people.

**Dr. Elgie:** Starting on my extreme left, because I want both you and I to feel comfortable, Mr. Chairman—

**Mr. Chairman:** That is right.

**Dr. Elgie:** —we have Sam Van Clieaf, vice-president of corporate affairs. We have Dr.

Elizabeth Kaegi, vice-president in charge of policy and special services; Mike Czetyrbok, who is now vice-president of client services; and Robert Coke, who is the new vice-president of the strategic planning and analysis division at the board.

**Dr. Kaegi:** I remember your showing me that list of physicians' names and where it was being published, but I just cannot recall where it was going to go.

**Dr. Kaegi:** I am afraid I cannot remember where it was published either. I think it was in the annual report, but I am not absolutely sure. Does anybody remember, do you think? The list was prepared.

**Dr. Elgie:** I saw the list and I recall it was going to be published somewhere. I will have to find out and get back to you where it was published.

**Ms. Madisso:** I do not believe it is in the annual report, so it has to be someplace else.

**Dr. Elgie:** I know I saw the list.

**Ms. Madisso:** Again, in the committee's report before last, it recommended that "the entire matter of asbestos-related disease should be referred to the Industrial Disease Standards Panel." Is that a step that the board has taken?

**Dr. Elgie:** I can send you a list of all the matters that have been sent to the industrial diseases panel. A large number of them had to do with asbestos-related diseases.

**Ms. Madisso:** Last year, the committee recommended that chiropractic services should immediately be established at Downsview. The board's response does not specifically address the chiropractic question. I went back through last year's Hansard, and a year ago there was talk about a research proposal being put together by two McMaster doctors and an advisory committee that was going to assist in the implementation of that research proposal.

I am wondering how far you have got in implementing the committee's recommendation.

**Dr. Elgie:** There had been a proposal to carry out that study. Discussions had taken place just prior to the Downsview review team's report. You will recall it was recommended that the board abandon Downsview hospital forthwith and turn it over to the Ministry of Health to become a public hospital, type J. In view of that and in view of the process that we then put in place to analyse the recommendations of the Downsview review team, that project was set aside and has not been reinstituted.



I cannot give you any commitment as to when it will be or if it will be, because the medical rehabilitation proposal that I have put to you today and put earlier would involve disseminating rehabilitation into the universities and into the communities and would take it out of the hands of the board. I cannot give you an answer to that question.

**Mr. Chairman:** I am all confused about the role of Downsview then. You are not implying that would mean the closure of Downsview?

**Dr. Elgie:** Eventually?

**Mr. Chairman:** Under what you propose today?

**Dr. Elgie:** If the medical rehabilitation strategy that has been put to the board, for which they have asked that we prepare a feasibility study and an implementation proposal for the costing, were agreed upon, then it is our view that over the next three to five years, Downsview would be phased out and closed down.

**Mr. Chairman:** And become a public hospital?

**Dr. Elgie:** No.

**Mr. Chairman:** That would not be up to you?

**Dr. Elgie:** No. The Ministry of Health did not agree with the Downsview review team that it should acquire that hospital and that property as a public hospital, so the board of directors would have to decide what to do with the Downsview property.

**Mr. Chairman:** How close are we to that? Is that a reality or is it speculative? Where we are at in that role?

**Dr. Elgie:** The board of directors considered the issue of the medical rehabilitation strategy, I think in March, was it not?

**Dr. Wolfson :** Yes, it was.

**Dr. Elgie:** It gave us clearance to proceed with the preparation of an implementation program, including costing. It will make the final decision on proceeding with that some time in the early fall. In the meantime, we are in the midst of negotiations and discussions with the Ministry of Health and the Ministry of Labour to see just how this might come about.

At the same time, we have a number of pilot projects in the community under way to assess them in the event it would be moved to be a community clinic process. It is fair to say we are having discussions already and the results of those discussions will be part of the implementation proposal that I would take to the board in the early fall for a final decision.

**Mr. Chairman:** At this point, it is still state of flux?

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**Dr. Elgie:** Yes, that is right. But I must there is general support for it from the board directors. It is the sort of move I think interested members of the community have been calling for, and I hope we have accepted that legitimately they had and have tried to respond in a good way.

**Mrs. Marland:** I have moved because I cannot hear.

**Dr. Elgie:** There you are; you were over there a minute ago.

**Mrs. Marland:** I have decided maybe I should be at Downsview because, sitting there, I could not hear you.

**Dr. Elgie:** Maybe I should be at Downsview. I have just come back from a debating society where the chairman's riding, and it is not good for my voice. You may not know who the participants were.

**Mr. Wildman:** I have a good idea.

**Mrs. Marland:** Ms. Madisso, could you rephrase the question again, so I am sure I am not jumping in at the wrong point?

**Ms. Madisso:** The committee recommended last year that a chiropractic service be established at Downsview.

**Mrs. Marland:** We discussed that question last week and I notice there is no response in today's statement from you dealing with that.

**Dr. Elgie:** No, I have just responded to it.

**Mrs. Marland:** Yes, I heard your response and your response is that recommendation was not enacted because of the state of flux as to the future.

**Dr. Elgie:** There are a number of changes. Downsview has undergone and will be undergoing, and we do not propose to carry out research studies.

**Mrs. Marland:** OK. I guess my question that in this case the recommendation dealt with Downsview because Downsview is the existing physical plant facility, which is a major treatment centre for injured workers. If it is not continuing in Downsview, it does not matter to me where the location is necessarily, or whether it is regionalized or in a clinic form.

The future of Downsview is not as great a concern for me as the avenues of treatment for injured workers. I see that as a very serious recommendation made by the committee last year, of which

not a member. It seemed to me from what I heard last week, obviously from one side, that I respect, that this recommendation had already been shelved. My feeling is that the board has to address the use of chiropractic services as a form of treatment for injured workers.

Regardless of whether Downsview goes on or ever the alternatives are to Downsview on the road, it was suggested that there is a decision by the WCB against the practice of chiropractic medicine. It is all in Hansard, and I will be reading it. I am sure if you had staff that you heard about it. Maybe I should be addressing you, Dr. Kaegi, if that is your area at board. It was stated that the medical people at WCB felt their own personal positions and programs were threatened. I do not have the content of that report in front of me from last week, but there were very strong statements made.

Some of those statements were in the written report of Mr. Chapman-Smith from the Ontario Chiropractic Association. I wonder if you would like to address that question, because of the very fact that the recommendation was not implemented. The response was that there was an ongoing study. In fact, we find there has not been an ongoing study, and now we are talking about doing anything more because Downsview, in a physical sense, may not even continue. Where are we going with treatment for injured workers, with a very viable alternative to traditional medical and surgical practice?

**Dr. Elgie:** Could I make an initial response, or I ask Dr. Kaegi to answer that? I think there must be some misconception about something.

Chiropractic services are paid for in this province by the board. That is not an issue. We pay for those services, and they are paid for without the need for a medical referral to a chiropractor. In Quebec, as I understand it, there must be a referral from a physician. To suggest that there is some hidden agenda about whether or not injured workers can see chiropractors is an unfair accusation.

With respect to the future, I have told you that the board's view is that Downsview and the future of our medical rehabilitation program and strategy are in a state of flux. We do not intend, at this moment, to get involved in any such research studies.

**Mrs. Marland:** Let me just make it clear that the accusation is not mine.

**Dr. Elgie:** Good. I am glad of that.

**Mrs. Marland:** I said it was a statement and a very clear accusation that was made to this committee by the people who were here on Thursday from the Ontario Chiropractic Association.

**Dr. Kaegi:** I guess I would like to reiterate what Dr. Elgie has said. Injured workers throughout the province are entitled to choose their own health professionals for their particular conditions, and they do. Large numbers of them select a chiropractor to provide them with their care, and the board does not interfere in that process.

We do monitor the health care that injured workers receive, and for that purpose within the board we retain the services of a chiropractic consultant, who provides us with advice on the quality of chiropractic care that injured workers are receiving.

Many physicians in the community, and indeed board physicians on occasion, will identify that an individual may benefit from chiropractic intervention. As Dr. Elgie has said, our board has been very forward-thinking in identifying appropriate chiropractic services that can be brought to bear on the needs of an injured worker.

Also, I am currently part of a committee that is involved in negotiations with the chiropractic association, and we have been looking with it at ways of involving it in other ways of providing services. We are actively involved in working with the chiropractic community to identify ways in which its services, which can many times be very helpful to injured workers, can be brought to bear on an injured worker's problem.

**Mr. Chairman:** Mrs. Marland, is there anything more on that? We have quite a few other questions dealing with a lot of other issues. I am not trying to cut you off, but we have a large number of questions to deal with while these people are here.

**Mrs. Marland:** I think this is a very serious area, because a very serious accusation has been made.

What you have said is that injured workers can choose their medical service. We were told that chiropractors were not in the Downsview facility. We were told that there is a physiotherapist there who does some manipulative therapy, but that service is not available to them at Downsview.

**Dr. Kaegi:** We have actually a large number of physiotherapists on staff at Downsview, and



many of them have taken post-graduate training in manipulative therapy. The chiropractic association and the board were working together to introduce a research project at Downsview before the media and the other events overtook us and made a state of uncertainty at Downsview, at which time we decided it was inappropriate to conduct a research study looking at alternative ways of treatment.

**Mr. Chairman:** Could we come back to this after we have done some more questions, Mrs. Marland? I am really unhappy about spending too much time on this one when there are so many other questions.

**Mrs. Marland:** OK.

**Ms. Madisso:** Last year the standing committee also recommended "that the board should abandon its rule that a worker must be 57 years old before he or she can qualify for the older worker supplement." The board responded by saying that its choice of age 57 is "based on the board's many years of administering the act and in dealing with the injured workers of Ontario."

Can you perhaps explain to the committee more specifically how you arrived at 57 rather than 56 or 58 or 50?

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**Dr. Elgie:** As I recall the debate that took place on Bill 101, Mr. Chairman, you yourself had some views on that issue.

**Mr. Chairman:** I remember it very well.

**Dr. Elgie:** You did not know whether 60 was the appropriate age for an older worker or 59. It is an easy issue to determine when they access an older worker like that.

**Mr. Chairman:** The age was deliberately left out.

**Dr. Elgie:** Yes, I know it was and I know the general rule has been something in the area of 57 years of age. I wonder if Henry McDonald, who is the director of policy, recalls the recent figures that we developed on this. Do you remember those figures roughly? This is Henry McDonald, director of the policy development area.

I asked for those figures to be developed some weeks ago. Indeed, there are a very large number of workers below the age of 57 who are receiving a supplement.

**Mr. McDonald:** If memory serves me right, there are approximately 150-odd workers receiving older worker supplements currently, between the 50 and 55 age bands, I believe. We have a breakdown of them. I do not have them with me, of course, but we will be pleased to provide

them. There are a fair number of workers below 57 who are qualifying for older worker supplement pay.

**Dr. Elgie:** I think the most interesting figure on that, if I could just take a moment, is that the recommendation came forth in the earlier hearings, as I recall, we had something like older worker supplements. Today, there are over—what 6,000?

**Mr. McDonald:** Over 4,000

**Dr. Elgie:** Over 4,000.

**Mr. Chairman:** Where did the age 57 come from?

**Dr. Elgie:** It is just a guideline for adjustments.

**Mr. Chairman:** I do recall that debate well on Bill 101. The number that people were throwing around was not 57; it was 55. That was the debate. If 57 has been developed by the board, it has done it for reasons known only to the board because, as I recall it, the debate was in favour of around 55. But nobody wanted to put 55 in there because it was feared that would be used as a number.

**Mr. McDonald:** In my experience, I have personally seen a document with a number 57 at all. I agree with what Dr. Elgie said earlier for practical purposes, you tend to focus on a number as a point of reference, but it was not a fixed number. Rightly or wrongly, 57 has been bandied about for some time as a reasonable point of departure. But I do not believe that it has ever been concretely accepted within the organization as the point which you could not go below because we have gone below it on a case-by-case basis. As I say, 57 has tended to achieve a certain legitimacy, but I have not seen it documented.

**Dr. Elgie:** Could we forward you those figures, Mr. Chairman?

**Mr. Chairman:** Yes, we would appreciate those numbers.

A final question before you go: Is consideration given to the language ability of the older worker when it is being considered? I can draw up the file of my 55-year-old unilingual older worker from Chapeau again, if you like, with the inability to speak in English really is a fact.

**Mr. McDonald:** It certainly should be considered. When you are considering supplementing it normal temporary supplement or older worker supplement, all factors with respect to the individual worker should be considered, including language; so, yes.



**Ms. Madisso:** To get back to some of the issues that the committee has been discussing this morning, back to section 86n again, if you don't mind: What criteria does the board consider when it is deciding whether or not to review a workers' Compensation Appeals Tribunal decision? How do they apply the criteria in the decision 72 case and in the chronic pain case?

**Dr. Elgie:** We went over that in some length at last year's hearing, but I am pleased to go over it again.

I think I should tell you, first of all, it is a process where we have in place a committee made up of people from general counsel's office and from the policy area. They meet monthly and review all the decisions that have been rendered by the appeals tribunal in that period of time. They then draw up a recommendation to me which I forward to the board of directors.

A number of times they will report that there is a decision they have some concerns about, and they may make a number of recommendations. One of them would be, "I think we should write to the tribunal about it and ask to make representations the next time this comes up," to see if the development of some policy can be carried out that way.

In the case of an 86n, what they look at and what the board of directors looks at is: Is this a matter of policy and general law? Is it a matter of great importance to the compensation system? Is there a good and valid purpose to be served by the board of directors carrying out the review? Those are the three questions they put to themselves if there is a recommendation from the appeals committee that an 86n review take place. In the case of decision 72, it was the decision of the board of directors—and I do not say that because I do not agree with it, because I do—that the issues raised in decision 72—namely, what is injury by accident—go right to the very heart of compensation and who should be compensated, they go to the issue of what is an accident and what is a disablement. Those were matters that in the view of the board of directors had to be reviewed.

**Ms. Madisso:** I know there were court cases with the same phrase and you mentioned that was one of the reasons decision 72 was reviewed. Is there anything like that for chronic pain?

**Dr. Elgie:** In decision 72, there was clearly a certainty in the community about what "injury by accident" meant.

On the issue of chronic pain, we had a cut-off situation where the Ontario board, being the first board in any province or territory

in the country, recognized chronic pain disorder as a compensable condition. The criteria leading to compensation and the retroactivity provision with respect to the payment of compensation were different from those proposed by the appeals tribunal in decision 915a and decision 915.

Clearly, there had to be a resolution of whether or not the board of directors feels that its proposal with respect to retroactivity and the criteria for determining chronic pain disorder is the correct one or whether the proposals that have been outlined in the May 1988 decision by the appeals tribunal have such overwhelming logic that they merit reconsideration.

**Ms. Madisso:** Under the act, you also have discretion to hold a hearing or not.

**Dr. Elgie:** Yes.

**Ms. Madisso:** The committee has heard some complaints that you certainly are not holding any on chronic pain.

**Dr. Elgie:** That is not accurate. Under sections 86 and 86n, the board may hear a hearing either orally or by written submissions.

**Ms. Madisso:** They were complaining about not having oral ones.

**Dr. Elgie:** In this case, there are some 20 cases I believe, and under this section parties who are likely to be affected—that means each worker and each employer—have a right to attend and present their view.

The board of directors feels, and I concur, this is a part-time board and it could not possibly handle the number of oral submissions that might be required if all of those with a right to attend did so; if you invited the participants that one would inevitably invite to come to a hearing such as this or have submissions from—by that I mean medical associations, medical schools, Ontario Federation of Labour, Union of Injured Workers, Canadian Medical Association, all of those you would invite and want their views on the issue of chronic pain; and the law society on the issue of retroactivity.

These are major issues and we feel we can deal with those, with a part-time board that has to order its life accordingly, by way of written submissions and achieve a fair and equitable process.

**Mr. Miller:** Do you have a number on how many are challenged by the employer?

**Dr. Elgie:** The employer does not have a right to challenge under 86n. I like not to think of it as a challenge.

**Mr. Chairman:** I think Mr. Miller was talking simply about appeals; how many employers appeal decisions of the board.

**Dr. Elgie:** To the appeals tribunal?

**Mr. Miller:** Yes.

**Dr. Elgie:** I do not have those numbers.

**Mr. McDonald:** We will see if we can find those numbers for you.

**Mr. Wildman:** I understand your rationale for dealing with the 86n review of the chronic pain by written submission and then having the board deliberate and make a decision.

Are you not afraid that in using this process, you are going to leave the board open to accusations of making decisions behind closed doors and, as a result, have people feeling aggrieved on either side; whether it be the injured worker who is experiencing chronic pain, or the employers who may see this as a decision that may affect their assessment substantially and they will not feel they have had the opportunity to participate in an open process?

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**Dr. Elgie:** Once the counsel to the board of directors has met with the committee that will be involved in directing how to handle the process, I anticipate that there would be a call for briefs, first, from those who write as a party; second, to invited participants; and, finally, a publication in the Ontario Gazette for anyone else who wanted to come. Once the briefs were received, I anticipate they would be disseminated to all those who are parties, who are invited participants and who have expressed an interest, for their comments; so that the board of directors would not only see the original brief but any comments or criticisms that there might be of that brief.

Frankly, I think we all understand how we might like to see the system operating, but when you have a part-time board of directors, all of whom have other things they are doing, you have to arrange your schedule in such a way so that you can deal with a variety of situations. In decision 72, the number of parties was much more limited and we were able to deal with them through a public hearing process. Again, it was not a matter of questioning, there was no cross-examination; it was parties standing up or sitting down and making their submissions. Here we are simply saying they will all be in writing.

**Ms. Madisso:** There is also the discretion about staying the payment of benefits under that section. What are the criteria you apply in that decision?

**Dr. Elgie:** Those are criteria that will be enunciated in each decision that is rendered. It will depend on a variety of points that are made in their submissions. I could not comment ahead of time on what they would be. As to a decision about whether we will stay payment, we will be looking for briefs from both parties and administrative counsel from the general counsel's office of the board and we make a decision on it. You do not make a decision ahead of time. It would depend on the particular situation.

In the case of chronic pain, I might say that the board did recognize concern about staying a case. In the way, I do not think one should think of this as an unusual process. There is not a tort case before the courts that I am aware of that is under appeal. That the judgement is not stayed. So it is not an unusual process to stay a decision.

**Mr. Chairman:** In the court system.

**Dr. Elgie:** But recognizing that the board has been, we felt—and I still feel—very progressive in recognizing chronic pain disorder, all of the people who may have any consideration of staying payment held up as a result of this process have been advised that they are free and able to apply for compensation under the board's existing chronic-pain-disorder policy, and many have been compensated through that route. They meet the board's criteria.

**Mr. Chairman:** I think what Merike was saying was some sense that there was a set of criteria or guidelines that you went by when you are making that decision. How could you not have some thing?

**Dr. Elgie:** We have to read the submissions and see what they say and then we can reach a decision.

**Mr. Chairman:** So there really are none ahead.

**Ms. Madisso:** Are there any criteria coming out of 72 and chronic pain disorder?

**Dr. Elgie:** In decision 72, it had been close to about a year and—I cannot recall the name—the injured worker had been receiving benefits for many months. The board decided it would not be fair or reasonable to stay the benefits, since she had been in receipt of them for such a long period of time. Had there been an immediate decision made to review decision 72, I do not know what the result would have been. But I do know that if there had been a decision made to stay, you wonder whether one would have had an obligation to go back and try to collect moneys that had been paid to her. It would have been quite a difficult process.



**Ms. Madisso:** I do not notice that you said in my statement—and I have worked through Hansard last year, too—what position the board takes on 86n(1). Who does have the final say in these questions on general policy, in your opinion?

**Dr. Elgie:** Subsection 86n(1) seems very clear. The ultimate decision will be made only when the board directs the appeals tribunal "to consider the matter in light of the determination of the board of directors." Historically, there is no doubt what Paul Weiler talked about in Reshaping Workers' Compensation for Ontario. He said, and he believes, that the final say in policy matters should be matters for the board of directors of the workers' compensation system.

**Ms. Madisso:** Is that the board's position?

**Dr. Elgie:** The board does not have a position other than to say that it believes subsection 86n(1) gives it the power to direct the tribunal to make a determination in the light of its decision; which, to me, sounds like the board having final authority in matters of policy and general law, which I understand was the intention of the drafters, and it certainly was the intention of Paul Weiler in Reshaping Workers' Compensation.

**Ms. Madisso:** Let's go back to supplements in. In your 1987 year-end review and 1988 annual report—I have it here; I believe the members got a copy of this too.

**Dr. Elgie:** I think they all got copies of it, unless there are new members who were not at the previous committee meeting. All members of the Legislature got a copy of that.

**Ms. Madisso:** You state at page 8 that a legal opinion received by the WCB indicated that the manner in which the board administrators had interpreted various parts of this section was likely contrary to the wording and intent of the legislation. I am wondering about the origin of this opinion; who asked for it, who gave it, and so on. How did it come into being?

**Dr. Elgie:** The board, as I recall it, commenced its own internal review of subsection 45(5) using its own legal counsel, who reached a determination.

**Ms. Madisso:** So the board asked for the opinion and your counsel gave it? Is that what you are saying?

**Dr. Elgie:** No. Once board counsel had reached a determination that, in his view, we were not properly applying the threshold test that was intended by subsection 45(5), as I understand it, a further opinion was then sought from Paul Hess, an outside counsel.

**Ms. Madisso:** A legal opinion from outside counsel at the board's request.

**Mr. Wildman:** Did Paul Hess used to be counsel for the Ministry of Labour?

**Dr. Elgie:** Yes. He is retired.

**Ms. Madisso:** Why was this opinion asked for at this particular time?

**Dr. Elgie:** Just to get an outside confirmation or rejection of the opinion that we had formed internally.

**Ms. Madisso:** What created your internal opinion?

**Dr. Elgie:** Just legal staff reviewing subsection 45(5). The issue of the threshold test has been one that has plagued the board for many years. You may or may not recall that in the late 1970s there was a case called the Gianoukakis case—do not ask me how to spell that; I will do my best later—in which the board had applied a straight wage-loss test. In that case, the individual had not sustained a wage loss, but he had maintained his wage level by working more overtime, with even more bonus pay.

That was taken to Divisional Court and the Divisional Court said: "No, you cannot look at just what his income is. You must look at what the effect the injury has had in terms of impairing his earning capacity in a significant way." So the issue of the threshold test is one that has been a real issue for many years. This is just our view of the appropriate way that threshold test should be applied and I think plain reading of the act would support that.

**Ms. Madisso:** So the opinion turns on the definition of "earning capacity," does it?

**Dr. Elgie:** No, it turns on a number of things. In subsection 45(5) it turns on "where the impairment of the earning capacity of the worker is significantly greater than is usual"—there are a lot of interesting words in that—"for the nature and degree of the injury, the board may supplement," etc. So the threshold test is that an impairment of the earning capacity of the worker must be significantly greater than is usual for the nature and degree of the injury.

I must say, if I may, that the whole issue of subsection 45(5) is presently before the appeals tribunal as well.

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**Ms. Madisso:** The committee did hear complaints from some groups that the communication system between the board and injured workers' groups is not what they wish it were, and one of the examples they cited was the



supplement policy. They cited, I believe, that they in fact did not get guidelines that went with the supplement policy. Does the board have any plans to ameliorate that?

**Dr. Elgie:** There are a number of things we are trying to do in order to improve communication, because the whole concept of reshaping and reforming workers' compensation is to have more exchanges of views. Under Henry McDonald, the new director of the policy development unit, a quarterly policy development bulletin is being put out. The first issue was in March and it sets out areas of policy that the policy development area is looking at, so that the community of interests will know what is going on in the policy development area.

Similarly, Henry McDonald has been involved in setting up an advisory group made up of a great variety of interested groups, from employers, injured workers and labour, so that they are involved in a consultative process with respect to policy matters.

Having said all that, there will always be some legal issues that I do not think you go consulting around about to see what the world would like you to do when you have a view about the legal interpretation of the section. But, in general, I think what we are putting in place is a consultative process that will be healthy and be good for the system.

**Mr. Chairman:** I am sure members of the committee will correct me if I am wrong, but there have been more complaints about subsection 45(5) than about any other aspect. I know you have a particular spin on your interpretation here, but I think what we would like would be some kind of legal opinion given to us on which the decision was made to change the policy of subsection 45(5) so that we can wrestle with it ourselves as a committee.

Right now, if I were an injured worker or a representative of an injured worker, I would not know how to go about challenging the WCB interpretation of subsection 45(5). The board says, "It was our view that we had to adhere strictly to a legal interpretation of subsection 45(5)." I know that I, for one, would very much like to have a copy of the legal interpretation regarding that.

**Dr. Elgie:** As I say, the whole matter is being argued or will be argued before the appeals tribunal very shortly, and we have submitted a written brief to it. Perhaps I could table that brief with this committee. Would that be in order?

**Mr. Chairman:** Does that include legal reasons?

**Dr. Elgie:** It includes the legal background that led to the decision. It is a public document has been tabled and you are welcome to receive a copy of it.

**Mr. Chairman:** OK.

**Dr. Elgie:** I would wonder about the merits of this committee of looking into the appropriateness of a legal interpretation of policy when a matter that is presently before the appeals tribunal. You might just want to seek advice on that too. I know that you have unrestrained and unlimited power, but you want to think about that matter.

**Mr. Chairman:** I will restrain myself.

**Ms. Madisso:** Moving on to vocational rehabilitation, I distributed to the members a news release from the WCB on its new vocational rehabilitation strategy. I have a couple of questions on that. You talk about "early intervention whenever appropriate" and "access to intensive services provided as required."

**Dr. Kaegi,** when she was here before the committee, talked about a 17-month period on average, for referral to vocational rehabilitation. She said that the new strategy would significantly reduce this time frame. I am wondering, on behalf of the committee, "significantly" means in this context. What does that mean? How much reduction? What of reduction can we see from the 17 months when can we see the reduction in place?

**Dr. Elgie:** As I say, we are just in the process of developing an implementation proposal to take to the board of directors this summer. We would propose when it is all ultimately decided, the average, for referral to vocational rehabilitation, the adjudicator would have to make a decision as to whether it was appropriate in a particular case to refer a person to vocational rehabilitation and would be obliged to review the file every six weeks and put his mind to the same issue. At the end of a period of time, I believe six months, a worker would be in a position where he would have almost a right to a vocational rehabilitation assessment, in the event that one had not been ordered prior to that for the periodic six-month review.

Do you want to comment on that, Alan?

**Dr. Wolfson:** I think that really captures the issue. The average time for referral in that kind of scenario would be between three and six months rather than the current average of closer to eight months. So it would be a very substantial reduction.

**Ms. Madisso:** When would this reduction begin? Do you see it beginning?

**Dr. Elgie:** That will depend on the board's approval of the proposal we will take to it in the near future. Whether we will do some pilot projects or whether we will do it on a broader scale depends on the matters we are looking at.

**Ms. Madisso:** The press release also states that the strategy addresses many of the main concerns raised by the Ontario Task Force on the Vocational Rehabilitation Services of the Work-Compensation Board, the Majesky report. I am wondering which of the concerns raised by the task force the strategy does not seek to implement, which ones you decided not to do.

**Dr. Kaegi:** I think perhaps the key one is the recommendation by the task force that the board establish a separate vocational rehabilitation division to which all cases requiring vocational rehabilitation would be referred. That was a recommendation that the board did not incorporate into its strategy, because we believe that providing an integrated service to workers, where you have teams, as you know, in the integrated service units and in the regional offices, providing a team approach to the needs of workers is a much more efficient way of ensuring that workers are referred to vocational rehabilitation services as early as is appropriate. That was one particular recommendation that we did not implement, essentially because we did not have a better structure. I think that is probably the most significant recommendation. Another one that is not incorporated is that in the strategy we have a very clear role for the employer in terms of setting the goals of the vocational rehabilitation program, and indeed of the accident employer. We felt that was a very important group of people to get together to plan and set goals for a vocational rehabilitation program. That again is different from what was recommended in the task force report, where the accident employer was not included as a key member of the group making the vocational rehabilitation plan.

**Dr. Elgie:** We can provide the committee members with an outline of things that we really agreed with or more substantially agreed with or disagreed with. I think that when you cut through a couple of issues, like the ones Dr. Kaegi has mentioned, there really was quite substantial agreement. There are number of other changes that would require legislation, but from the board's perspective, for those areas that applied to it there was agreement, barring one or two things. Even in the areas where there is not violent disagreement. We just do not think it is appropriate to restructure the board and have a vocational

rehabilitation section when we have just gone through a very massive project to integrate these services. We have set up a specialized vocational rehabilitation service division which we think will serve the same purpose; and we propose to have a vocational rehabilitation case worker, which we think goes part way towards the kind of thing that the task force wanted.

**Mr. Chairman:** I think what is confusing me in this whole matter is that the board says that—I think the number 85 per cent was used—are being implemented or that it agrees with 85 per cent. Majesky said in his press conference that 85 per cent of the recommendations are being ignored.

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**Mr. Wildman:** It was 75 per cent.

**Mr. Chairman:** Was it 75 per cent? But you can see why there are questions. That is why it would be nice to know which ones you are not doing.

**Dr. Elgie:** We can provide you with that information.

**Ms. Madisso:** Further on is the question of medical rehabilitation and Downsview. One of the Majesky recommendations was that all of the Downsview review team recommendations be accepted. You were talking about Downsview and its connection with the board and the thought that it may indeed become severed from the WCB and possibly become a public hospital.

There were some other recommendations in that area, and I am wondering how closely you have addressed those. One of them was that the board would contract for services with Downsview and with other facilities close to the injured worker's home. Downsview would continue to provide ambulatory physical and medical rehabilitation but no inpatient care or vocational rehabilitation. Those are areas of Downsview's prognosis.

**Dr. Elgie:** In a general way, I think people who compared both reports would say that the proposal we have put forward goes much further than what the Downsview review team recommended.

**Ms. Madisso:** I was interested in that comment. How does it go much further?

**Dr. Elgie:** The Downsview review team recommended that the Ministry of Health designate the Downsview hospital as a type J rehabilitation facility available to the public in general. You will recall there was a sociologist, Dr. Garber, who was on that task force and who felt that injured workers and citizens who had been injured in other ways should be dealt with in



a similar setting. The review team laid out a timetable for the turning over of that facility to the public through the Ministry of Health. The Ministry of Health took the position that it was not willing to take over the facility and carry on with it as a type J hospital. So the board then set out to develop a strategy which was in line with the main thrust of those recommendations.

Indeed, we took it beyond preserving a type J hospital in Toronto as a centre of excellence. Instead, we proposed a dissemination of excellence throughout the province with a provincial institute centred in one medical school or one university-based hospital, with the regional centres in other university-affiliated settings and with the number of community clinics, frontline clinics dealing with rehabilitation in an estimated number of communities ranging from 50 to 150 settings.

That is the proposal that is before our board of directors, and we believe that it is not only in line with the Downsview report; it goes further.

**Mr. Miller:** Why would the Minister of Health not support that? Was it the operating costs? Was there any indication of why?

**Dr. Elgie:** We did not get any indication. By the way, I think that the proposal that is put forward, tying it to the medical schools and teaching facilities and so forth, is superior, but I may have a bias because of my background. I think that rehabilitation is a growing field in this province. I visited some of the rehabilitation facilities in the province, particularly in Kingston and in Ottawa and in Toronto, and I can see that great strides have been made. I think it is important that those centres of excellence be used.

**Ms. Madisso:** Just getting back quickly to the question of communicating with client groups, I do not think we have quite finished that discussion. Was there something else you wanted to say on that, Dr. Elgie?

**Dr. Elgie:** I do not think so. We have done a number of things, as I say. One is that we are just in the process now of developing this advisory committee for the policy areas, so that there would be an occasion to talk about issues and get advice about who else should be contacted, for example.

There is the quarterly policy bulletin; and of course there is the monthly communiqué that the board puts out on its own, which sets out matters that have been dealt with by the board of directors at each meeting. We think that is the beginning of a very healthy process of consultation.

**Ms. Madisso:** The complaints we had was that the manual updates arrived late and some of them were incomplete. For instance, guidelines for the supplements never did appear. Is that correct or not?

**Dr. Elgie:** I do not know the answer to that. Henry McDonald, would you comment on that, please?

**Mr. McDonald:** The problem with manual updates is another outcome of the general reorganization of the board. As part of the general reorganization that Dr. Elgie alluded to in his presentation, one of the functions that was suspended for some period of time was the responsibility for manuals, which was re-created from our system over to the policy group under my responsibility.

There was in fact some displacement of service there that we are trying to remedy at the moment and there was a period of probably three to six months when we were not getting manual updates out to the subscribers to manuals. We are aware of the problem and we are trying to remedy it as quickly as possible.

**Ms. Madisso:** They claim that the guidelines for the supplements policy never did come. Were they directed to these people or not?

**Mr. McDonald:** There were never any formal administrative guidelines of the type that we have been included in our manuals to begin with. There were interim guidelines developed and they were distributed to anyone who asked for them. I am not sure how wide the distribution was, but they were made available upon request.

**Mr. Chairman:** OK. That is the end of Merike's questions. Mr. Wildman is on the floor and anybody else who wants to get in.

**Mr. Wildman:** I would like to refer to page 10 of Dr. Elgie's presentation and I would like to give one example. I realize that Dr. Elgie indicated that the board is reviewing its present policies to determine whether revisions are required. Let us use the example of isocyanates, a designated substance.

If an individual is found to have a sensitivity to isocyanates, such that he may have an asthmatic reaction to exposure to them, but when the individual is not exposed directly to isocyanates he does not have that asthmatic condition, he certainly cannot be deemed to be totally disabled. I would not think. He is sensitive and he can go back to the job he had because it will trigger this reaction and also might, and most likely will contribute to a further deterioration of his health. What is the board's position? How do we



mine whether that individual should in fact come financial benefit because he cannot return to his place of employment?

**Elgie:** Can I ask Dr. Kaegi to comment on it? It is very difficult. I appreciate that.

**Kaegi:** It is a difficult one. I think the first problem that arises with isocyanate-related asthma is in reaching the diagnosis. Asthma, as you are all well aware, is a very common condition in the general population, and sometimes a worker will develop asthma working with isocyanates and quite likely make the suggestion that the asthma is caused by the isocyanates. When such a decision is made to the board, the first thing we have to do is establish that the individual in fact has asthma and not another respiratory condition. Once we have established that the individual has asthma, we have to try to establish that he has isocyanate-related asthma; and for that purpose we refer that individual to one of three centres in the province where he is tested for hypersensitivity-reaction.

Those tests are pretty accurate but they are not absolutely 100 per cent. If we get an individual who has a strong history that is suggestive of isocyanate-related asthma but he is negative on special tests carried out at the centre, he is the most difficult individual because we do not have a clear diagnosis of an occupational disease.

**Mr. Wildman:** Could you tell me where the centres are?

**Dr. Kaegi:** Yes, we have one at McMaster and one in Toronto.

What we do with those cases is try to establish how severe the individual's asthma is that arises in the workplace. If it is mild and if we have some confidence that there is medical supervision in the workplace or very easy access to medical supervision, then we might recommend that the individual return to the workplace so that we can monitor him more closely and see what happens. It ends up being our only way of establishing a diagnosis.

If the individual's asthma is severe, we would never have him return to an exposure environment. We would rather have to develop the other method or possibly just take it as a no-win or no-loss situation. If the individual is established as having isocyanate-related asthma and cannot return to his pre-accident employer because his pre-accident employer has no work for him that is in a nonexposed environment, we continue to pay benefits and we embark on a

vocational rehabilitation program for such an individual to assist him to find other work.

**Mr. Wildman:** I appreciate your answer. I do not want to make this too complex but I will give you an example. I have a worker in my constituency who worked for something like 14 years as a body man in an autobody shop, an active person who is now in his 50s and is now suffering from asthma. As you quite correctly indicated, the problem is diagnosis. He never had respiratory problems before and now he cannot return to his workplace. Yet this individual has not been referred to any of the three centres you referred to.

He has been tested in Sault Ste. Marie and the tests have not brought about the results that would be acceptable to the board in determining isocyanate-related asthma. My question is, how does an injured worker who cannot return to work, first, get referred to one of those three centres; and what on earth does this guy do at 55 when he wants to work and cannot?

**Dr. Kaegi:** It is hard for me to comment on a particular case without knowing the information, but I would be pleased to have that case looked into for you.

**Mr. Wildman:** I understand that response and I respect it. But we do have a tendency whenever the Workers' Compensation Board comes before the committee for individual members to bring forward examples and to have the response given, "I will look into that particular case." I appreciate that, but I am trying to raise this, not only on behalf of Laurie Makkonen, who is the injured worker I am referring to, but also in the general context of sensitivity to a substance in the workplace.

Something like isocyanates, as you will agree, affects each individual very differently. Some individuals can apparently work with this kind of a substance and not have a reaction; other individuals can have a hypersensitive reaction. That is where diagnosis is a problem. I would like to know, in a general sense, what the board's policy is. How do you deal with somebody who is not disabled in the sense that he cannot do any kind of work, but who cannot return to a particular kind of work that he has been doing for a long time?

You said that the worker will be rehabilitated, but what happens if you do not get to the point of actually having a diagnosis which you have accepted? This guy, just because the board does not accept that he has is now sensitive to isocyanates, is not going to go back into that workplace, he is not crazy; yet he is not at the

point where you are prepared to give him rehabilitation.

**Dr. Kaegi:** Perhaps there are two points that I can respond to there. One is, as Dr. Elgie said in his presentation, the board has recently established an occupational disease department with the intent of bringing to bear on these sorts of cases, which are very complex, as you have pointed out, a higher level of technical and scientific expertise. We are currently developing referral criteria so that individuals who are seen in regional offices and in ISUs, where their situation is complex will get referred to the group where that sort of expertise is available and thus get the expert referrals that you have mentioned.

The other point you have raised is, I think, a very important one: that there are many individuals in our workplaces who, because of some other personal condition that has developed, are not able to return to work. An individual who develops nonoccupational asthma frequently cannot return to work in a dusty environment, and that is a dilemma that we face in our overall community system.

Within the board, our obligation is to establish that the individual has either an occupational disease which we can diagnose or a clear precursor of occupational disease. We endeavour to do that, because once we can do that we are able to bring the services of the board to bear on the problems of the individual worker.

**Mr. Wildman:** I appreciate that. There is one other matter I would like to raise, but I just will say in that regard that it does tend to put the worker in an untenable situation. For instance, if he were to return to the workplace and develop an even more serious condition, at some point or other he might be diagnosed, and then he would have the board services to assist him, but he does not want to risk his health in that way.

The other matter I wanted to raise is related to NEER, the new experimental experience rating system. I have raised this before and, Mr. Chairman, you will know that the response of the board officials has been that they consulted with the industry—I am talking about the forestry industry and the logging industry in this case—which has indicated that it supports this system and likes it.

I have never found one small jobber, contractor or logger anywhere who even knows what NEER stands for, much less was consulted. I do not know whom you consulted with, but it must have been people like Abitibi and E. B. Eddy and Great Lakes Forest Products, the big guys,

because you sure did not consult with the little guys and they are the guys who are getting hurt.

I would like to give an example. It seems to me, in a very simplistic way of looking at it, if you have 2,000 or 3,000 people working for you and you have a couple of accidents, the cost of NEER is very different than if you have a few guys working for you and you have a couple of accidents. As you know, in the logging and forestry industries, the incidence of accidents is high and it is quite unpredictable. You are working on unsafe, uneven ground and difficult weather conditions at times, in wintertime and so on, with a high risk of accidents.

I would like to know whom you consulted with and what on earth you are doing so that the small jobber, the small logger, is not going to be put out of business by this operation.

**Dr. Wolfson:** Let me deal with each of the points and start with the second, if I might: what we are doing to try to avoid undue hardship to a small operator from one or two accidents may have a large impact on his accident cost position.

The experimental experience rating program has undergone, I think, three revisions since inception four years ago. The major thrust of those revisions has been to deal precisely with that problem of exposure of small firms to large surcharges.

In the latest version, a small operator would have a very much more muted exposure than a large operator. For example, as I recall it, for small firms, only about 15 per cent of the cost of an accident are counted towards the experience rating surcharge or rebate record of the firm, whereas for a large firm, it might be 85 per cent of the total cost. There is a sliding scale that does reflect the ability of the large firm to absorb the kinds of assessment rate increases in a way that a small operator could not.

This is part of the experimental program, and it evolves, that really has taken note of that serious problem. I am not sure it is perfect yet, but there have been, as I say, three adjustments to the program to try to cope precisely with that issue.

Turning to the question of consultation, the experimental experience rating program started out in the forest products area. It was the pilot project, if you like, three years ago, I believe. One of the things we learned from that experience, as an organization, is that consultation has to be done much more comprehensively than was done in that case.



new programs that are being mounted is not only extensive consultation, through formation of an industry committee, but in all employers in a rate group are notified the possibility of an experience rating program being introduced in their rate group and given an opportunity to voice either support or objection for it before the program is mounted. In the case of the forest products experience rating program, I believe the board at the time did very extensively on the good offices of not only the Ontario Forest Industries Association but also the Forest Products Accident Prevention Association to liaise with the community—

**Mr. Wildman:** The big guys.

**Mr. Wolfson:** —and to communicate the intention to mount the program.

In retrospect, as you say, Mr. Wildman, that was a consultation program which did canvass operators and did not sufficiently make logging operations aware of the intention and implications of the board's program. What the board has done over the last 18 months to try to rectify that situation has been to conduct a very large number of meetings with a large number of operators. I have attended two or three of them. They have all been very interesting experiences, not always amicable.

**Mr. Wildman:** I am sure they would be. These guys express themselves quite well.

**Mr. Wolfson:** When the chainsaws get revved it becomes an animated discussion.

The staff of the board have conducted such meetings all over the northwest part of the province, Hearst, Atikokan, Kenora and Dryden, as well as in the Ottawa Valley. We are going through that mechanism to institute much better consultation and better communication with that community.

**Mr. Wildman:** OK. I will not prolong this. I want to put one example before you. This is Robert Martson Logging, north of Sault Ste. Marie. He has four guys working for him. One of them, his son, had an accident in 1986—no lost time, just medical. He had to pay a surcharge of \$6.74 on that. In 1987, one of his other employees had a very serious accident, has had a long-time lost time and has been off ever since. He had to pay a surcharge of \$19,316 in 1987. You can imagine that a charge of almost \$20,000 for a small operation like this basically puts him in a very difficult position. He says to himself, "Maybe I should downgrade my operation and lay off some of my employees because I

can't afford to pay this." But then he says, "I'm going to be penalized if I do that, because then if I have an accident, with only one or two employees I'm going to get an even bigger surcharge." Right now, he is considering going out of business.

**Dr. Wolfson:** I think under the new program it is not the case that if he were to downsize, he would get an even bigger surcharge. That may be one aspect of the program which needs to be better communicated and better understood.

But if I may just add one point, it was because of this particular problem in the forest products area, as well as some other major issues related to workers' compensation that were vexing that industry, that the board did strike a two-person task force last year, with Cliff Pilkey, the former president of the Ontario Federation of Labour, and Jack Biddell, the former chairman of Clarkson Co., to inquire into the relationship of the board to the forest products industry and to report to us. They will be dealing with the impact of NEER on that industry, as well as other issues.

**Mr. Wildman:** The other problem they have is retroactive ratings. How can you plan ahead if you do not know what you are going to end up paying? In 1987, this guy paid \$61,000 and basically wiped out his profit for the year.

**Mr. Chairman:** Can we go to Mr. Miller?

**Mr. Miller:** I would just like to follow along the same lines. You have indicated, Dr. Elgie, in the report and the answers you gave us today that we have made a lot of progress. I was impressed by that, but one of the largest groups we had to deal with was the injured workers' group and how they get a fair return through the reviewing of the policies of workers' compensation.

The second one, related to that, was the Council of Ontario Construction Associations, with the cost and the deficit we are working under within the whole Workers' Compensation Board.

Mr. Wildman made a point about the loggers, but what about the farming community? I am not sure how many you service through workers' compensation. I do not know if you have that figure; I do not think it is a great number, but I could be wrong. Should they not be eligible for that kind of coverage, the same as the logger in the north or the small employer wherever in Ontario?

The other thing is that 42 employers appealed—

**Mr. Chairman:** To the appeals tribunal?

**Mr. Miller:** Yes. I can see a whole confrontation taking place in the system, which is costing



us dollars and not getting the dollars out where they belong. Is that advisory committee going to make some recommendations about how to make this work more effectively? Is that a function of that advisory committee?

**Dr. Elgie:** No. The policy advisory group Henry McDonald is setting up is simply to be sure that there is a good group of people who are representative to bounce ideas off and to get some advice about further consultations that should be held about policy issues. Any change of the sort you are talking about is a structural change that I think probably would need to be looked at by the Legislature.

If I could go back to some of the other things you have talked about, such as coverage of farmers, it is my clear understanding that farmers are covered and have been since 1967.

**Mr. Miller:** I know they are covered, but how many are participating?

**Mr. Wildman:** It is voluntary.

**Mr. Miller:** What percentage of the farming community is utilizing it?

**Dr. Elgie:** I do not have any data on that. I do not have that information. I can get it for you. I do not think it is voluntary. They are covered now, and they have been covered since 1967. I will get the exact details for you.

**Mr. Wildman:** Is the employer not voluntary? If he is the employer, he can cover himself or not cover himself.

**Dr. Elgie:** That is right.

**Mr. Miller:** Maybe those are the ones I am referring to.

**Mr. Wildman:** His employees are covered, but in terms of himself—

**Mr. Chairman:** There were a number of questions that Mr. Miller had.

**Dr. Elgie:** COCA's presentation, I gather—I have not read it—related to the high costs of compensation?

**Mr. Miller:** And the unfunded liability.

**Dr. Elgie:** There is no doubt that the unfunded liability hangs like a sword of Damocles that troubles all of us. But I hope, although COCA and others may not like the process in place, that they will agree that since 1984 we have had an amortization plan in place which called for three fairly significant increases in the years 1985, 1986 and 1987. Then in 1988, this year, we have seen a fairly significant drop in the average assessment rate increases, from something in the 13 per cent to 14 per cent range down to 4.9 per cent for this year.

With the first three years, there is no argument that it caused quite a heavy burden on employers are now seeing the trailing off of the need for those large rates, but the unfunded liability requires the addition of 50 cents to the assessment rate on average and a decision was made to do that in rather than to apply it as one single lump sum of money, which would have required something like a 45 per cent increase in one year.

We believe we are on track. We also believe that in nominal dollars, not in real dollars, we start to turn the corner in 1990 to 1991 and then start to tail down. You will still meet people who say, "My costs are going up," and that is true in nominal dollars they are. But in real dollars, the costs start to taper off, and about the year 2010 to 2014, it drops dramatically.

At least there is a process in place which deals with the issue. I know COCA understands the issue, but we still hear, I think understandably, from employers who see this as a heavy burden to carry.

**1750**

You asked about injured workers. It is my belief that the changes we have instituted internally will provide workers with a less cumbersome process to go through. It is my belief that the policy development process that is just now commencing will provide us with sounder policies that hopefully will be less likely to be subjected to appeal.

This is all going to take time, and I think the net result will be a better workers' compensation system in line with the historical purpose of it, that justice and humanity be expeditiously delivered. Does that mean that the compensation system is or will be perfect? No. There are significant flaws remaining in the system, which were pointed out in several reports that have been done in reviewing compensation in this province.

**Mr. Miller:** I have one final question. Have there been any review of tying in work compensation with pension plans—Canada Pension Plan, yes, but I think that is already in place—but with pension plans that the employers may be carrying themselves?

Then if your health goes bad at 50, you can go into that pension and you at least can make a living without going through the hassle. I guess what really concerns me is the hassle that comes with the appeals and having to justify that you are sick enough or injured enough or that your back is bad enough that you can apply.

It just does not make sense to me that there should be spending that time and money when it makes more sense to me to be reviewing it to

pension plan so that it can be simplified to get all the legal hassle and so you can get a wage when you get into that position.

**Elgie:** At the present time it is not tied into pension arrangement. Someone who is on a permanent partial disability, for example, who is not for purposes other than compensation purposes to be totally disabled, can still get CPP disability.

**Miller:** That is the pension plan I am referring to.

**Elgie:** I am not recommending that, but I am referring to that does take place.

**Chairman:** It sounds to me as if you are referring to that with that universal sickness and accident compensation.

**Elgie:** Maybe you and the chairman would like to go.

**Chairman:** Go to New Zealand.

**Elgie:** —go to New Zealand to assess the situation.

**Ms. Marland:** Is it appropriate for me to refer back to my original question?

**Chairman:** Absolutely.

**Ms. Marland:** I have a letter here from the task force on chiropractic practice in health care institutions, which I guess is generated by the physiotherapists.

**Elgie:** I have not read that.

**Ms. Marland:** The date on the letter is November 20, 1986. It says:

Recently, an agreement has been signed between the Workers' Compensation Board and the Ontario Chiropractic Association to provide chiropractic services at the Downsview Rehabilitation Centre commencing January 1987. The physiotherapists at the centre feel that this agreement has far-reaching ramifications for all physiotherapists, both professionally and politically.

The reason I read that letter, Dr. Elgie, is that it seems to me that everybody is vying to look after injured workers. What happens is that there are politics that get into it which are totally inappropriate, in my humble opinion.

I think what all of us are concerned with, and I am certainly sure and I do not question the commitment of the WCB, but we are all concerned with the protection and the interests of the fastest remedy for workers' injuries so that they are back to complete health. But here is another group which is complaining about the results of what goes on at the WCB.

The chiropractors were here complaining that physiotherapists are doing manipulation for which they are not trained to the extent that chiropractors are. Physiotherapists study manipulation; they do not study medicine and they do not study the body the way chiropractors do. It is an entirely different training. Physiotherapists are very highly skilled, specialized people in their field, but it is a different thing totally from the practice of chiropractic medicine.

My feeling is that in spite of your answer, Dr. Kaegi, and I listened carefully to it, there is some question about the commitment, about why WCB will not do a comparative study on the costs and the remedy for those injuries to workers when we know, from the figures that have been presented to us here in the last month, that the highest percentage is back injuries and the longest duration of not being able to return to work for those injured workers is because of their back injuries.

Yet, other than the remedy of surgery, chiropractic medicine obviously can play a very real role. The question is, if that role can be played by providing chiropractic treatment—the remedy is there, it is a lower cost to the employer and the injury that is sustained by the individual can have a faster remedy—why has the WCB, as we have been told, been reluctant to make a comparison of those costs?

**Dr. Elgie:** It is difficult to expand in any greater detail than I have, except to say that the proposal to do something in this area at Downsview was postponed or delayed or cancelled when the Downsview review team recommendations came in. You either accept that or you do not. I am just telling you.

In terms of this board and this province recognizing the role of chiropractic, spinal manipulation, old Hippocrates would roll over in his grave if we thought it was something new; it has been around since his day. That spinal manipulation might not have a place is just not accurate. Chiropractors receive compensation for services rendered to injured workers, and injured workers have a choice about going to chiropractors, just as they have a choice about going to a physician. Really, it is not quite accurate to suggest there is something strange going on.

There is a lot of research going on in the medical and orthopaedic community about back problems, which you may be aware of. In general, society is moving away from surgery and more and more into nonsurgical treatment of back problems. Dr. Alf Nachemson in Sweden,



along with others, has done very extensive and good research in this area, and we are now involved in some nine profile projects throughout the province on the Nachemson Swedish techniques with respect to back rehabilitation, prevention of back problems and back pain in general, early intervention in back pain. The board is involved in new proposals that have flowed from research like Dr. Nachemson's, we have recognized there is a role for chiropractors to play and we compensate them for it.

**Mrs. Marland:** But you do not have chiropractors at Downsview.

**Dr. Elgie:** No.

**Mrs. Marland:** That is the question.

**Mr. Chairman:** Can we make this the last question because of the clock?

**Ms. Collins:** I will make it very short. I want to pursue that a little further. I heard your response and I understand what you are saying. However, the staff at WCB have been sending letters out to clients which indicate a certain bias, I think, and I have copies of letters here.

One is from an N. Savelli at the Hamilton regional office. In the letter, she states: "The maximum benefit of chiropractic treatment is achieved within the first six weeks." I think the chiropractors are arguing that it is unfair to put a six-week limit on treatment when you do not do that with a lot of others.

**Mr. Wildman:** They see that as arbitrary.

**Ms. Collins:** That is right; with a lot of others.

**1800**

**Dr. Elgie:** Dr. Kaegi, would you comment on that, please?

**Ms. Collins:** Perhaps I can just go just go through this very quickly. This is another letter from a claims adjudicator at the board. She names the claimant here, which I will not do: "If the claimant is still having a problem, she should consult her general practitioner and have a copy of the report forwarded to the board."

Again, this letter went to the chiropractor, rather than assuming that the chiropractor is a professional and would know when to refer the patient to a specialist.

The next letter is to a claimant from a medical adviser in the claims section: "I have advised that the accounts should be allowed." This is in regards to a patient. "However, the board does not like to have knee injuries treated by a chiropractor."

There just seems to be this bias or this prejudice towards chiropractic treatment, and I

think that is the point the association is trying to make with the board.

**Dr. Elgie:** If the issue is that there are time limits, that may be so. There are time limits in a number of areas. For instance, our early intervention pilot projects have strict time limits on them, but those time limits are subject to renewal, and I understand that, in many cases, the renewal.

**Dr. Kaegi,** you may want to comment on a broader range, because I had not heard any before.

**Dr. Kaegi:** I think, with respect to the six-week limit, we do have a control procedure that does look at individuals at the six-week limit. If there is a case to be made by a chiropractor for that to be extended, that is considered in the same way it is for very other people, where there is also a time limit.

One of the papers that the chiropractors quite often, which I know they have given me a copy of, is the paper written by the orthopedic surgeon Kirkaldy-Willis in Saskatchewan.

If you notice, in that study Kirkaldy-Willis, whom we have also had come down to speak at our Downsview staff, points out that individuals with back pain do best with three weeks of daily chiropractic. So he is calling for short, intensive types of treatment rather than treatment drawn out over weeks. That is an area to which we would like to progress and we are working to that end with the Ontario Chiropractic Association.

With respect to some of the other comments about staff bias, I cannot respond to all of those questions, but I would like to pick up on the comment about the Downsview physiotherapists objecting to the thought of a research project involving chiropractors at the centre. That is absolutely correct. The physiotherapists, when we first developed that project, were concerned about it. I met with them extensively and, in fact, that issue was resolved and they were willing to participate in it on a research basis. We had a physiotherapist identified as an advisory committee who was going to help with the research evaluation.

I think I can say for the staff there that they have overcome their initial concern about that project and they were willing to co-operate with it. That was the reason—

**Mr. Wildman:** Was there a chiropractor involved in the—

**Dr. Kaegi:** Absolutely. We had identified both those individuals.



**Mr. Marland:** The research was done?

**Mr. Kaegi:** No, the research was not done. We are in place, ready to go with that research, the staff at Downsview on side with it, with the protractors on side with it, when the whole thing came to a halt because of the complete lack of the delivery of service at Downsview, and the chairman has referred to that letter did— That is absolutely correct, that issue was completely resolved.

**Chairman:** I think we are going to have this to a halt because of the time. There were a number of requests made by the committee of the board. One was a list of the requests and their specialization. The second was a list of the asbestos-related diseases that have been referred to the Industrial Disease Standards Board. The third was Mr. Miller's request for compensation on farmers covered under the Workers' Compensation Board.

The other one was the one on subsection 45(5), where we were assured that we would receive the compensation that went, I think, to the Workers' Compensation Appeals Tribunal from the board.

We would also appreciate the legal opinion on which the policy concerning subsection 45(5) was changed. I am sure the committee would like to have that, so we can see the kind of thinking that went into the policy change. I do not think that is an unreasonable request.

Is there anything I have missed?

**Dr. Elgie:** What was the first item?

**Mr. Chairman:** The first item was the list of doctors and their specializations.

**Dr. Elgie:** But you also wanted to know where it was published?

**Mr. Chairman:** Right. Is there anything else? Tomorrow we will meet in committee room 1, in camera, because we are dealing with the mining accident report, and we will talk a little about our agenda at that point, too.

Thank you, Dr. Elgie, Dr. Wolfson and the rest of your group for coming to the committee this afternoon.

The committee adjourned at 6:05 p.m.

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Brown, Michael A. (Algoma-Manitoulin L)

Collins, Shirley (Wentworth East L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Leone, Laureano (Downsview L)

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McGuigan, James F. (Essex-Kent L)

Miclash, Frank (Kenora L)

Miller, Gordon I. (Norfolk L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Kanter, Ron (St. Andrew-St. Patrick L) for Mr. Leone

**Clerk:** Decker, Todd**Staff:**

Madisso, Merike, Research Officer, Legislative Research Service

**Witnesses:****From the Workers' Compensation Board:**

Elgie, Dr. Robert G., Chairman

Kaegi, Dr. Elizabeth, Vice-President, Policy and Specialized Services Division

McDonald, Henry, Executive Director, Policy and Program Development

Wolfson, Dr. Alan G., Vice-Chairman of Administration and President









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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Wednesday, November 23, 1988



**Speaker:** Honourable Hugh A. Edighoffer  
**Clerk of the House:** Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, November 23, 1988

The committee met at 3:20 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES

**The Acting Chairman (Mrs. Grier):** Can we please to order.

**Hon. Mr. Kerrio:** I pay a big price for always being on time.

**The Acting Chairman:** The minister has a proposal about time allocation he would like the committee to consider. I think copies have been distributed. Minister, do you want to speak to it?

**Hon. Mr. Kerrio:** No, I am pleased to put it in the hands of the committee. This is just a proposal. You can do with it what you will.

**Mr. Wildman:** I agree with the idea of allocating time, which we can be flexible about. Without allocation of time, we end up in a situation where it becomes a free-for-all on the first vote and we end up never getting off the first vote. Then we rush through the crucial votes at the end without doing justice to votes on things like lands and waters and forestry resources and fish, which are important votes.

If there is no allocation early on in the estimates, members have a tendency to be afraid that we are not going to have enough time for these votes and therefore continue to talk about them on the first vote. As a result, the ministry does not know when to have its high-priced help down here, so they have to be here all the time instead of being out in the field or in their offices doing the work of the province of Ontario. So I would agree with the allocation.

My one concern is that the minister's opening statement is scheduled to take all of today. It must be a rather long statement.

**Hon. Mr. Kerrio:** It is.

**Mr. Wildman:** I hope it is as substantive as it is long. I move that we set up an allocation of time as suggested by the minister in his letter to the chairman.

**The Acting Chairman:** Are there any other comments?

**Mrs. Stoner:** I think that is appropriate for the minister's opening statement.

**Hon. Mr. Kerrio:** The only thing I would like the chair to recognize is that we were slated to sit at three and it is 3:25; I might spill over into the next session.

**Mr. Wildman:** Well, we have had a lot of problems with flooding in the past.

**Hon. Mr. Kerrio:** No, it is down now. We have corrected that.

**Mr. Wildman:** No, it was up just last week.

**The Acting Chairman:** Perhaps the minister can accelerate his speech; say the same thing but say it faster.

**Hon. Mr. Kerrio:** I will do my best.

**The Acting Chairman:** There seems to be a motion and general agreement. I am not sure whether we need a formal motion, but if there is general agreement that we proceed on the time allocation outlined by the minister's letter, then we need delay no further and I turn the floor over to you, minister.

**Hon. Mr. Kerrio:** I would like to introduce the people we are going to have at the table. George Tough is my deputy. Who else is with us here? There is David MacDonald. Who else do we have on the list who is going to sit here at the head table? Peter Allen is with us and we have appropriate staff who will be brought into place, time requiring, to answer specific questions on some of the issues. I will leave it to my deputy to decide what role they might play.

I am pleased to present the estimates of my ministry for the 1988-89 fiscal year.

**Mr. Wiseman:** Before you start, I wonder if I could just ask, did we ever have a minister who put before us 229 pages of opening remarks?

**The Acting Chairman:** I suggest perhaps you can ask him that question when he is finished. He may not be going to read them all, Mr. Wiseman.

**Hon. Mr. Kerrio:** Is that a question? We will take that as notice.

**Mr. Wiseman:** I think Jim Bradley must have written this speech.

**The Acting Chairman:** If it is that long, we perhaps want to get on with it.

**Hon. Mr. Kerrio:** Exactly. May I begin?

**The Acting Chairman:** Please, continue.

**Hon. Mr. Kerrio:** If I may begin on a personal note, I would like to say that it is a pleasure to be reporting again on the issues, activities and accomplishments of this ministry. I have now held this portfolio for three years and I must say there is no place else I would rather be.

The fundamental goal or purpose of this ministry is to manage the natural resources of this province in the best interests of all the people of Ontario, not only now but for future generations. Of course, that is a goal I am very pleased with and it strikes a chord with my personal interest. I consider the wise use and management of our lands and waters, parks and recreational areas, forests, fish and wildlife to be one of the hallmarks of an enlightened society. I am convinced the people of Ontario would agree with that premise.

Our natural resources contribute enormously to the environmental, social and economic wellbeing of this province. We must allocate our resources so that competing uses are accommodated and the resource base is sustained into the future.

I look forward to participating actively in the Ontario Round Table on Environment and Economy, which will look at sustainable development. The round table is headed by my colleague the Chairman of the Management Board of Cabinet (Mr. Elston). Of course, sustainable development is the essence of what we seek to achieve in this province. In the Ministry of Natural Resources we are at the centre of the debate on sustainable development.

We must develop those resources that provide jobs in industry and the service sector through initiatives such as making the best end use of our marketable timber, upgrading the parks system and using certain crown lands for peat extraction, plants that manufacture building materials, small hydro projects to supply power to local communities, and of course, tourism development.

We must renew and enhance those resources that can be renewed. We must protect those resources that are threatened, whether they are an endangered species of plant or wildlife or a unique natural area. We must also ensure that nonrenewable resources such as aggregates and fuel minerals are not wasted.

We must preserve the wilderness areas. Wilderness is part of our natural heritage and must also be part of the heritage we share with our grandchildren and their children.

There is another thing we have to share and that is the challenge of managing our resources with balance and vision. I believe one of the best

ways of planning for the present and the future to become very much involved with the public. The process of developing new programs resolving difficult issues depends on strong public involvement.

After all, these resources belong to all of us. Eighty-seven per cent of Ontario land is owned by the crown on behalf of the people of Ontario and ownership brings responsibilities. The government, my ministry and I are accountable to the people of Ontario for our stewardship of these resources. We take our responsibilities seriously.

The Minister of the Environment (Mr. E. Leach) must have heard our comments about the round table and decided he might come and hear how we describe his role.

**Mr. Wildman:** Actually, I thought he must have heard our comments on the length of his presentation.

**The Acting Chairman:** We have 229 people here. I am not sure—

**Hon. Mr. Bradley:** It looks like a very comprehensive opening statement. I wish I could stay.

**Hon. Mr. Kerrio:** We expect the public to share the challenge with us, and that is a very important input, not only to use Ontario's resources responsibly, which is something each individual can do, but also to participate in an increasingly open planning process. They are now an integral part of developing management plans for parks, fisheries and timber, and they play such a vital role in the formulation of use guidelines and a host of other MNR programs and policies.

We also encourage the public to become involved in co-operative management programs through programs such as our community fisheries involvement program and our community wildlife involvement program; the short term are CFIP and CWIP.

Many Ontarians belong to organizations involved in natural resource interests. They belong to conservation groups, community and recreational organizations. At the Ministry of Natural Resources we actively encourage those groups to work with us to pursue common goals.

**1530**

We work closely with such groups as the Northern Ontario Tourist Outfitters Association, the Federation of Ontario Naturalists, the Ontario Forest Industries Association, the World Wildlife Fund Canada, the Ontario Federation of Anglers and Hunters, Ducks Unlimited Canada.



Ontario Lumber Manufacturers Association, Wildlife Habitat Canada, the Ontario Fish Producers' Association, the Nature Conservancy of Canada, and with native groups. MNR has involved these and many other organizations and individuals in the decision-making for resource management.

We work hard to keep lines of communication open and to build bridges of understanding and cooperation. I think the results in many cases have been impressive, and I will be describing some of them later in my remarks in some detail.

Our effort to foster partnerships with groups outside the ministry also includes other government ministries and agencies. My ministry works in co-operative alliances with such ministries as Northern Development and Mines, Industry, Trade and Technology, Tourism and Recreation, Environment, Municipal Affairs and Agriculture and Food.

We also work increasingly with advisory councils and committees appointed to plan and monitor ministry programs, consult with the public and provide advice on issues. Last year, for example, I announced the appointment of members to the Ontario Fisheries Advisory Council, and this year I appointed the members of the new Temagami Advisory Council.

Of course, some of the issues we tackle involve controversy. As you can see from the long list of organizations I have just mentioned, the Ministry of Natural Resources deals with a diversity of interest groups, many of which hold fundamentally different viewpoints regarding the management of natural resources.

Often the ministry is faced with the job of mediating between conflicting demands to reach constructive compromise. At the same time, we always keep in mind the paramount principle of resource use.

During my time in this office, I have settled on three basic ground rules for how we deal with conflicting demands.

The first: We must be open. The public has a large stake in the management of natural resources and we have an obligation to ensure it has solid information. This is quite evident in the way the ministry has operated in the past few years. We increasingly are sharing a great deal of information with the public. As part of this process of being open, I have brought my staff to me to assist the committee in understanding our programs.

When I talk about sharing information, I am not just talking about news releases on the opening of the parks season. I am talking about

in-depth, important analysis carried out by our own people and by independent experts.

We have released to the public a series of five-year reviews of forest management agreements, the report conducted by Dr. Gordon Baskerville on forest management on crown lands, the Woodbridge, Reed and Associates critical study of the forest products industry and the Temagami Area Working Group report, to name just a few.

In addition, we requested that our timber management practices be subject to the full scrutiny of the Environmental Assessment Board. That is taking place at a hearing which is under way in Thunder Bay, a very responsible position by this ministry, I must say, as it relates to the ability of people to function and hear directly about the management of our forests.

A second basic ground rule: Do not assume MNR has all the answers. Let's learn what we can from authorities outside the ministry. That is why we have submitted many of our programs and policies to the scrutiny of outside independent experts, such as Dr. Baskerville, dean of forestry at the University of New Brunswick; Dr. Robert Rosehart, president of Lakehead University in Thunder Bay who headed a committee evaluating our forest resources inventory; or to advisory committees such as the group under Dr. E. J. Crossman of the Royal Ontario Museum that is evaluating our fisheries programs.

The third ground rule: listen. There is no use having a philosophy of public involvement if you do not hear what people are saying. Believe me, we do pay attention, and not just to the group that yells the loudest.

Throughout my remarks I will mention examples of how we encourage public involvement and examples of how we work co-operatively with interest groups and stakeholders in the decisions we make on resource management.

The fourth ground rule is that we must work together and try to find a co-operative solution. Let us bring opposing sides to the table and give them a chance to really understand where the other side is coming from and try to work out their differences.

Having said that, I am not going to claim every issue has been resolved to the satisfaction of absolutely everyone, but I think controversies, such as the one over land use in the Temagami area, have illustrated for the public just how complicated resource management can be.

I am thinking particularly of the efforts of Dr. John Daniel, in his previous capacity as chairman of the Temagami Area Working Group, to come



up with a consensus on some very sensitive land use issues. As you know, Dr. Daniel is now chairman of the eight-member Temagami Advisory Council. Dr. Daniel led the working group through a process that highlighted important issues that we in the ministry wanted to see debated openly before the public. I think as a result of the public debate over Temagami, many more people realize that the issues there do not lend themselves to simple answers.

People in northern Ontario want decisions that affect their jobs, the future of their communities and their lifestyle to be tailored to their needs and their concerns. They are not anti-environmentalist. Environmental advocates are concerned about the future of our wilderness areas. But they are not oblivious to the economic benefits of resource development. They too want our forests, wildlife and fisheries well-managed.

I will return to the Temagami issue in a more detailed way later on, but the point I wish to make here is that the Ministry of Natural Resources is making every effort to promote understanding among different groups and to get the various sides to work creatively with us.

Which brings me to my final ground rule. If we have been open with the public, if we have tested ourselves against the standards of outside experts, if we have listened to all sides and tried to bring them together, then all we can do is to make our best judgement and go out and explain this judgement to the public.

These ground rules are not carved in stone in the Whitney Block. Nor are they hung on the walls of our district offices. They are the simple way that we do business at MNR. They are part of what we call the management style or culture of the ministry.

We are one of the most decentralized ministries in government, with eight regional offices and 47 district offices in northern and southern Ontario. Our people are part of large and small communities across the province. If members of the public want to get in touch with us or wants someone from MNR to come out and talk to them, we are never very far away, whether you live in Dryden, Terrace Bay, Napanee, Aylmer, Ottawa, Toronto or Niagara Falls.

Our people are only too glad to talk about what the ministry is doing and where and how the public can get involved. Since 1985, when I became minister, this ministry has come a long way towards greater openness and accountability, better communications and more co-operation with the general public and with the

major organizations and other government ministries that have an interest in what we are doing.

There is still more to be done. There is always room to be more accountable.

I keep thinking about Floyd Laughren because he never sits like that. He is always interjecting generally.

**The Acting Chairman:** I see; I will pro interjections if you want.

**Hon. Mr. Kerrio:** All right.

I have been emphasizing that this must be an outward-looking ministry. It also must be a ministry with a strong sense of purpose of what it is going and why, and with a little humour.

Much of what we do requires long-term planning. You do not regenerate a forest, restock a river with a self-sustaining population in a month or two, or even a year or two. What we do takes time and careful planning. It is important to have a clear sense of direction and some principles to help steer the course.

Our approach is one of balance and integration. It is guided by the principles of conservation and sustainable development.

The basic tenets of conservation are the key to how we manage resources, whether we are talking about forests, wildlife, provincial parks or public lands and waters.

## 1540

These tenets provide the framework within which we must balance the competing demands on Ontario's natural resources. By following these principles, we keep our eyes clearly focused on the future. The wise use of resources today will not only provide benefits for Ontario in the 1990s, but it will ensure that succeeding generations receive a rich natural heritage.

I used the words "balance" and "integration" in describing our approach to the wise use of resources. We put our balanced approach into practice through integrated resource management. Integrated resource management means that we look at the whole picture in resource management, planning and decision-making.

This complex world in which we live is full of interrelated parts. It is so interconnected that the use of DDT on another continent can mean the extinction of a species of migrating bird in Canada. Here in Ontario, we have learned that to manage resources intelligently, we must manage them in a way which recognizes all the connections. The wildlife biologist, the fishery scientist and the forester must all work together.

But integrated management goes beyond that. It strikes a balance between a strong

productive resource base which supports a competitive, diversified economy, and a secure natural environment which supports a diversity of plant and animal communities. It supports those natural communities involving both consumption, such as hunting or logging, and consumption, such as viewing wildlife or natural habitat.

What does this mean in practical application? For example, in northern Ontario it means we have to ensure that there is wood at the mill gate so that the plants can keep running and thousands of jobs, on which the communities depend, will be maintained. In southern Ontario, integrated resource management in forestry means we recognize the substantial contribution of small woodlots and forested areas in terms of income to land owner and employment opportunities in most of primary, secondary and tertiary industries.

But it also means, and I want to emphasize this point, that we are concerned that timber management is carried out within the framework of conservation and these four principles that I mentioned before: biologically sound management, sustainable yield, rehabilitation and protection. We use this framework so that new forests are regenerated for the future, so that tourism flourishes, so that the recreational forests and important fish and wildlife areas are protected.

I have said that this ministry has a firm sense of its own mission vis-à-vis resource management in Ontario. I think, however, that there are some misconceptions among many members of the public about our role. I would like to set the record straight on what I see as a major misunderstanding.

There seems to be a feeling among some people that MNR's exclusive concern is the economic use of the resources, that those economic benefits are only important to northern Ontario. I would like to deal with the geographical aspect of that misconception first.

Now, I would be the last one to say that we are not concerned with resource-related economic development in northern Ontario. Of course we are. We moved our forest resources staff to Sault Ste. Marie, as part of the government's effort to diversify the economic base of northern Ontario, and because forestry policy-making is most appropriately located near our largest forest resource. I think that was a long time coming and very appropriate.

Our efforts to maximize economic benefits for northern Ontario tie in closely with government

objectives for the region. For example, when there was a threat of layoffs in the Wawa area, MNR was quick to support plans for a marina development on the Michipicoten River and a new tourist information centre in the town. We are also helping in efforts to attract a private sector investor to build a new pulp and paper mill in the vicinity.

But the assumption that the economic benefits flowing from Ontario's resources only affect the northern part of our province is simply erroneous. The prosperity of our resource industries affects us all. Just consider the following statistics related to the south of Ontario, that area below the French River, which comprises less than 20 per cent of the land mass of this province:

About a quarter of forest production comes from the south, and most of that production is high-quality hard woods and soft woods; some 42,000 jobs in southern Ontario are directly related to forestry. That is about 60 per cent of the jobs created directly by forestry in Ontario; the south has three quarters of the forest industry establishments—wood processing plants and sawmills; 95 per cent of sand and gravel production and all oil and gas production are in the south; a third of big game hunting and more than two thirds of small game hunting are also done in the south; 80 per cent of commercial fishing and 70 per cent of sports fishing are done in the south, and 40 per cent of nonresident fishing is also done in the south; more than two thirds of the pelts harvested in the province are harvested in southern Ontario.

In addition, 33 of 38 conservation authorities are in southern Ontario. Conservation authorities in the province have completed 21,000 kilometres of flood plain and fill line mapping along river banks and lake shores valued at some \$45 million. They are in charge of water control structures, dams, reservoirs, channel improvements, diking and erosion control improvements that have a total replacement value of \$1 billion. As members I am sure are aware, conservation authorities largely focus their attention on protecting life and property.

An example of one of our resource-based economic initiatives in the south is the agreement between the Ministry of Natural Resources and Domtar Inc. in eastern Ontario. The agreement is providing \$4 million in investment over five years for an intensive forest management program on independently owned private lands. This co-operative program, involving land owners in Ontario's five easternmost counties, will enhance the security of supply for Domtar's



Cornwall mill and will benefit individual land owners and provide economic stimulus to that whole region in eastern Ontario.

It should be clear that our resources are important to the economy and wellbeing of southern Ontario, as well as northern Ontario.

The other part of the misconception has to do with MNR's role as a resource manager. The balance between resource protection and resource use is the prime mandate of the ministry. It involves the managing of lands and water to provide a whole range of benefits that the people of Ontario seek from their natural resources. At the same time that we are involved in economic initiatives, we are also committed to a whole range of measures to protect, enhance and rehabilitate our resources.

We are conducting sophisticated environmental research into the impact of acid rain on our lakes, rivers and forests in co-operation with the Ministry of the Environment. I see we have many states that are now questioning the whole business of the American position on acid rain. There may be very worthwhile people involved in that whole issue.

We are working with many government and nongovernment organizations to upgrade our inventory of wetlands and other areas of natural and scientific interest. Areas of natural and scientific interest include lands and waters that contain fine examples of Ontario's natural ecosystems and geological features.

We are continuing to pursue co-operative protection strategies such as private land stewardship agreements for provincially significant ANSIs. We are acquiring the most important ones to secure their protection from development.

We are developing advanced technology and computerized mapping which will make a major contribution to land use and resource planning at the provincial and municipal levels, as well as stimulate a whole new private sector industry. I think our friend George McCormack is with us today on that whole matter of mapping.

We are reintroducing species such as the Atlantic salmon and wild turkey, which have been lost to Ontario, and we are working to improve the chances of survival of several endangered species.

**Mr. Wildman:** Except at Queen's Park.

**Hon. Mr. Kerrio:** That is right. We are going to issue a few licences for those who are here.

We are enforcing the laws that protect our environment and our resources from people who would abuse them.

We are ensuring that our forests are renewed. Forest industries must comply with detailed ministry-approved plans for regenerating areas that have been harvested.

We are involved in the latest techniques of growing and nurturing trees to maturity, state-of-the-art silviculture research and applications of new technology.

We are expanding our network of parks and continuing to make improvements in a park system which is a provincial treasure and one of Ontario's major tourist attractions.

## 1550

I think we have developed a picture here. It is a picture of a ministry that is active on many fronts in the resources area, a ministry that is committed to both the long-term future of our resource-related industries and the long-term security of our natural environment, a ministry that is showing leadership.

We are a gifted province when it comes to natural resources. The responsibility for the wise management of these resources rests with all of us. As I mentioned a few moments ago, the Ministry of Natural Resources is committed to a balanced vision. We are committed to resource development and the economic prosperity that it brings and we are committed to environmental protection and the natural heritage it conserves.

Let me start reviewing the highlights of the ministry's work by focusing on a new policy announced in 1988 which I think illustrates a balanced approach to resource use and protection.

In May, this government announced its new parks policy. A cornerstone of this policy is that we provide more protection for our parks, especially wilderness and nature reserve parks. The policy also adds new parks to the provincial system.

The parks system will increase by 53 new parks by next May, to a total of 270 parks. This represents 6.3 million hectares, which is about six per cent of the total land and water base of the province.

Within the system there are six classes of parks: wilderness, nature reserve, historic, natural environment, waterway and recreational. By next spring, there will be 8 wilderness, 1 nature reserve, 67 natural environment, 4 recreational, 4 historical and 31 waterway parks in Ontario's park system. The new parks policy we announced governs uses of the six classes of parks in the system. It is a policy that is fair and reasonable.



broadly speaking, in all classes of parks, the policy prohibits commercial trapping, commercial fishing, mining activity, commercial hydroelectric development and logging, except Algonquin and Lake Superior parks, where logging will continue. There has been a very old management plan there, and I think it is appropriate that we grandfather those in.

Our policy emphasizes the importance of park management planning and the process of public consultation for developing park management plans. The principles for park management planning set out the broad range of activities that are appropriate for each classification of park.

Our parks system is designed to offer a variety of outdoor experiences to the public and to provide protection for our natural and cultural heritage features. There are activities which are suitable for a recreation park, for example, which are not appropriate for a wilderness park.

There will be broad public consultation for developing management plans for our parks. I am committed to this important process because it allows the public and interested parties an opportunity to play a role in developing the pattern of uses and the facilities and service in our parks.

I mentioned that the policy provides more protection for wilderness and nature reserve parks. More than 80 per cent of the land and water in our parks system will be wilderness or nature reserve parks, or wilderness or nature reserve zones within parks when all the new parks are added to the system.

Here are some of the highlights of the new parks policy and some details on its implementation.

Sports fishing will continue to be permitted within all classes of parks, except where fish sanctuaries are established. Commercial fishing and commercial bait fishing, on the other hand, will not be allowed in provincial parks except in areas that are not wholly contained within provincial park boundaries and in waterway parks where these activities will be permitted until addressed in park management planning.

Under the new policy, hunting is not permitted in wilderness and nature reserve parks and is not permitted in wilderness and nature reserve zones in waterway, natural environment, historical and recreation parks. Decisions to allow hunting in waterway, historical, natural environment and recreation parks will be made on an individual park basis during the park management planning process.

Tourism operations will not be permitted in nature reserve parks. Where tourism operations exist in wilderness parks, they will be allowed to continue, but they may be relocated subject to the park management plan. Existing tourism operations in natural environment, waterway, historical and recreation parks may be permitted to remain, subject to park management plans. In all classes of parks except nature reserves, decisions on new tourism developments or expansion of existing facilities will be made during park management planning.

I have discussed some of the highlights of the new policy. Staff in our district offices will be able to discuss the details of the new parks policy with the interested public.

Our reliance on the park management planning process is deliberate. We believe that this process, which involves wide-ranging public consultation and participation, will result in wise management of resources in individual parks. We believe, for example, that it is only fair for the tourist uses in natural environment, waterway, historical and recreation parks to be evaluated on a case-by-case basis. In fact, throughout the development of this policy we will strive to be as balanced and fair as possible regarding the use and protection of resources.

Earlier in my remarks, I talked briefly about the complex land use decisions in the Temagami area. I would like to spend a little more time on the subject to describe the decisions we made and the process we went through trying to balance the issues of economic use and environmental protection of resources.

As I have already noted, a working group under Dr. John Daniel, with members representing a variety of interests in the area, reported last March. Without going into detail on all the various points of view on land and resource use in the area, suffice it to say that in the eyes of those involved, the two major issues were and are jobs and the environment.

Concerns had been expressed that jobs in the local forest industry would be lost if access to mature timber stands at an economic distance from the mill gate were denied. On the other hand, concerns were expressed that a proposal to allow logging in areas to the south of the Lady Evelyn-Smoothwater Provincial Park would destroy one of Ontario's prime wilderness areas.

The report from Dr. Daniel was most useful in helping us formulate the solutions announced in May. The process of public involvement also served to give all the issues a healthy airing in the public forum. In this case, there were two

"goods" in the equation: a piece of precious Ontario wilderness and the economic base of northern communities. We sought a compromise that would strike the right balance.

I would like to review our solutions and discuss their implications. The first concerns the Lady Evelyn-Smoothwater park. Under our new parks policy, this park will be returned to its true wilderness state. Although the area was logged in the past, logging has not been allowed since the park was created in 1983. Under the new policy, hunting, trapping and mineral exploration will no longer be permitted. These activities were allowed under the 1983 policy of the previous government to permit nonconforming uses.

In addition, three new waterway parks near the Lady Evelyn-Smoothwater park will be created by next May. The Obabika River, Solace and Sturgeon River waterway parks will increase the wilderness and recreational area in the vicinity by 26,670 hectares or about 37 per cent. They will create a circular canoe route linking popular routes in Lady Evelyn-Smoothwater. These parks will offer 225 kilometres of prime canoeing, three ancient Indian pictograph sites, a historic Hudson's Bay post and excellent fishing opportunities.

However, my intention is that the areas between these new parks will continue to be managed as multiple use crown land with the necessary access.

#### 1600

Another major initiative involves the closure by 1994 of that section of Liskeard Lumber road that runs through the Lady Evelyn-Smoothwater park. This deadline is two years earlier than that recommended in the working group report. By 1994, timber licences issued to the Liskeard Lumber Co., which uses the road, will be reallocated to other areas north of the park.

Another part of our strategy for the Temagami area involves Red Squirrel Road, which at present extends west from the town of Temagami for 55 kilometres. My colleague the Minister of the Environment accepted MNR's environmental assessment for the 15-kilometre extension of Red Squirrel Road. Twenty-nine conditions were placed on the road, including conditions on road construction techniques to limit the effect on waterways and to protect fish habitat.

Since then, there have been legal challenges to the road. In addition, the Tema-Augama Anishnabai have expressed concerns about timber management and access roads in the area. Discussions are taking place with the band to determine whether its concerns can be met in the

context of maintaining a reasonable wood flow from that area to mills in the region.

Another part of our strategy for the Temagami district is to provide model management for recreation, forest, tourism and environmental resources. As I mentioned earlier, I have appointed a citizens' advisory council, chaired by Dr. Daniel, to provide advice on matters raised by the public interest groups, the provincial government and members of council relating to land use and resource management in the Temagami area.

This council will provide advice on such resource management activities as increasing forest regeneration, identifying wildlife habitat and historic sites, preparing a master plan for developing recreational opportunities and promoting the area for recreational and other uses.

The council solicits the views of the public and formally reports to me. The Temagami administrative district of MNR will be expanded to include Dundee, Acadia and part of Elton townships to better co-ordinate the management of recreational resources.

A further initiative involves the upgrading of a 63-kilometre stretch of Highway 560 between Gowganda and Shining Tree, north of Lady Evelyn-Smoothwater park. This road improvement will provide a more reliable route for lumber companies and local communities and help to encourage more tourism in the area.

The best way to characterize our response to the resource management questions in Temagami is balance. We have listened carefully to all sides. We have weighed competing priorities. In the process, we have moved to protect the economic viability of towns like Temagami while enhancing the special characteristics of the area. I believe that through model management and accommodation of the various interests involved, we will maintain the balance in Temagami.

I would like to move on to a related issue, related because it concerns timber management all across the north and involves an environmental assessment of MNR's timber management planning and procedures.

What emerges from the class environmental assessment for timber management on crown land in Ontario will affect every aspect of timber management carried out on more than a quarter-million square kilometres of crown land classed as productive forest. That is 30 per cent of all the crown land in Ontario. As I am sure you are aware, productive forest is defined as forest which contains commercial timber.



this class environmental assessment is the most extensive examination of its kind ever carried out in this country. It is a first not just for Ontario, but a first for all of Canada. When this government took office, I made a commitment to open the window on forest management practices in this province, to put these practices under public review and to encourage a dialogue among users as to what we as Ontarians want from our forests. The class environmental assessment is just such an opportunity.

I want to emphasize that the ministry welcomes this examination. Back at the end of 1985, when the original undertaking was submitted to the Ministry of the Environment, we asked for a large-scale public hearing because we wanted our forest management planning and operations to be given this public scrutiny and evaluation, which I think is just as important, one as the other. We are learning from the process.

While the public hearing got under way in Thunder Bay last spring, the environmental assessment process has already been going on for many years as far as MNR is concerned. During that time, we have continued to refine our planning and procedures in timber management to make them more sensitive to environmental concerns and more open to public participation. We have also been working under strict conditions, particularly regarding public consultation. We have been working on new and strengthened policies and guidelines, such as the Timber Management Guidelines for the Protection of Scenic Values, released to the public in 1987. These guidelines were the result of a co-operative effort with the Northern Ontario Tourist Outfitters Association. In addition, we have developed new guidelines on the protection of moose habitat and fish habitat.

To ensure that those who wished to intervene before the Environmental Assessment Board had the resources to do so, MNR and the Ministry of the Environment provided \$300,000 for inter-ferent funding. A special body set up by the assessment board has handled distribution of these funds.

The process is a massive undertaking. We expect the hearing will last about two years. It is anticipated that about 50 groups and individuals will appear before the board. Hearings will be held in 14 communities in addition to Thunder Bay: Ear Falls, Dryden, Kenora, Fort Frances, Sioux Lookout, Garadton, Hearst, Sault Ste. Marie, Espanola, Timmins, New Liskeard, North Bay, Ottawa and Toronto.

We expect that this hearing will help the public to better understand the ministry's role and to better appreciate the science and technology involved in the growing, tending and harvesting of trees. I come back to my contention that there are a lot of misconceptions about what MNR does. I think many people believe we can regenerate forests just by scattering a few seeds. After all, that is how Mother Nature has done it for centuries.

They are unaware of how much planning goes into forestry activities: careful evaluation of the ecology of an area; examination of the types of trees and distance of a site from mills; location of fish and wildlife habitat or recreational areas; preparation of sites; planting of seedlings which have been grown in nurseries from specially selected seeds; encouraging natural regeneration through modified harvesting practices; a new storage warehouse up in George McCormack's country that we just opened last week; tending of the young trees until they are free to grow, and protection of growing forests from fire and pests.

Because timber management will be debated exhaustively in public before the Environmental Assessment Board, we hope more people will get to know more about forestry and more about us. I think in the Canadian Council of Forest Ministers we found that one important thing that needed to be done was a very large involvement in public awareness about what forests are about right across the country. We understand that our practices will be closely scrutinized by some groups during the hearings. We are not afraid of open discussion. As I noted earlier, we welcome suggestions for improvements from independent observers.

When the environmental assessment is completed, MNR, the forest industries and the public will have a much better idea of how the course of timber management should be and will be plotted for many generations to come. It will create greater certainty for all stakeholders because the ground rules will be established and broadly approved.

I should also mention that in response to our commitment under the class environmental assessment, we are currently in the process of reviewing and updating the Crown Timber Act.

I have already mentioned the work of Dr. Gordon Baskerville in reviewing forest management in Ontario, I might say probably one of the first undertakings of its kind anywhere in Canada. I would like to update members of this committee and the public on the status of our



action plan in response to Dr. Baskerville's work.

In my last report on estimates, delivered early in 1987, I described the independent review conducted by Dr. Baskerville into forest management on crown land in Ontario. Based on his valuable report, my ministry developed a 16-point action plan to take forest management into the 1990s and beyond.

As of today, most of the action plan has been implemented, a few initiatives are still in progress, and nearly all of those are on schedule to meet target completion dates. I will run down the 16 points one by one, under the five major areas for improvement identified by Dr. Baskerville.

### 1610

The first area of concern was the need to ensure that the province is getting the best end use from its timber. This relates to the present use of commercial timber and future supply. We have taken the following actions.

The computerized Ontario wood supply and forest production model is used to determine possible options for harvesting areas. It has been made available to field offices. Appropriate computer equipment is in place, and training of staff in the use of the model is ongoing. MNR's forest resources group monitors the use of this and other wood supply models used as a regular part of the timber management planning process in the field.

A ministry committee was asked to recommend ways to improve the determination of area-volume relationships in forest management units. Among other things, the report identified measures which will improve the ability of unit foresters to better develop short- and long-term plans on forest management agreements. The committee's report has been received and is being implemented by the management planning section of the forest resources group.

In 1984, the ministry initiated a project to determine the status of areas regenerated by seeding or planting in the northern, north-central and northwestern regions. As a result of the Baskerville report, this survey was extended to northeastern and Algonquin regions.

A report on the three northern regions surveyed in the first phase showed that less than one per cent of the area treated is not revegetated and that the established new forest is a diverse one in terms of tree species. About 20 per cent of the area has not yet met stocking or growth standards necessary to immediately return it to the forest resources inventory. These areas will qualify for

reintroduction when stocking levels increase naturally.

Honourable members may be interested to know that a summary report on the project in the first three regions was tabled as evidence before the Environmental Assessment Board as part of the EA hearing.

Results of the survey in northeastern Ontario and Algonquin regions have just become available.

A task force headed by Arthur Herridge, a private consultant with extensive experience in the resources field, has made a number of recommendations related to the best end use of crown timber.

**Mr. Wildman:** He has also had extensive experience in the ministry.

**Hon. Mr. Kerrio:** Yes.

The committee, comprising five industry representatives—here is how we broaden the base—out—and one ministry official, suggested ways to improve the distribution of appropriate timber products: sawmills, veneer mills, board mills and plywood mills, and recommended increased use of by-products, such as wood chips, by pulp and paper mills. Of course, we now have, if not to the degree we would like, the complete use of the timber in many areas, from the sawlog to the chips, to paper, right down to the sawdust for use in undertaking at Chapleau of a six-megawatt cogeneration unit, which would take it right through the best use of that whole wood fibre.

The ministry has taken steps to implement the report of the best end use task force. The report was issued last month. Part of northeastern Ontario will be designated as a pilot woodlands area for intensive study and management. The Ministry and industry will be working together to develop and implement a long-term plan to meet wood supply and demand in various types of mills. The resulting plan should have applications for other areas of the province.

The ministry is also developing a new timber production policy, using data that will be supplied by forest companies on current and future raw material needs. In addition, a private consultant will be hired to work with pulp and paper companies to identify problems and possible solutions associated with the use of wood residuals, such as wood chips, sawdust and shavings.

At the time of the action plan, we had started with putting information on timber supply and demand for northern Ontario and Algonquin region into a computerized format. The purpose is to ensure improved and more effective wood supply to mills. This computerized system

and on both management plan information and licence returns, was operational as of April 1988.

The second concern of Dr. Baskerville was the need to ensure that current silvicultural practices were contributing to the accomplishment of specified management targets and that the budget for regeneration and tending activities is being met in a manner that would give the best return on investment. We initiated a number of actions. Management planning requires a knowledge of economic costs and anticipated benefits. Decisions made by a management forester, particularly related to the nature and location of regeneration treatments, must be based on consistent criteria and priorities. The Ministry of Natural Resources's chief forest economist organized a series of training workshops on economic analysis for both ministry and industry foresters in northern and southern Ontario. About 180 foresters attended and developed a greater understanding of cost concepts of forestry management.

There is now a standard requirement in the management planning process requiring that all management plans must contain clear and identifiable objectives. The performance in attaining these objectives must also be measurable to determine the success of my ministry's management and renewal programs.

MNR is reviewing the existing timber production policy and, as I mentioned, developing a new policy statement by mid-1989. Part of the process for developing a new policy involves a series of background papers to be prepared by the ministry for the benefit of client groups.

Last December, I presented to the Legislature a report of consultants Woodbridge, Reed and Associates on the economic condition of Ontario forest products industries. Dr. Baskerville recommended we commission such a study. His independent appraisal concludes that Ontario has the basic resource strength to become a major force in forest products, especially in pulp and paper, and that we are "well positioned to achieve overall growth as well as capitalize on trends to higher-valued products."

However, there are significant challenges ahead. The consultants recommend that industry modernize ageing facilities, make better use of new technology, engage in more aggressive marketing and introduce innovative products. They advocate a more proactive and coordinated role for government in promoting investment and growth in the forestry sector.

The Woodbridge, Reed report is valuable for both industry and government in helping us set our priorities for future action. I think the first reaction from the Woodbridge, Reed report was much the same as the one from the Dr. Baskerville report, but indeed in self-examination, I think there was a great lesson learned.

We are working on the wood supply side to ensure that we are making the best use of the resources we have and that there will be a secure supply in the 21st century. I have mentioned some of those initiatives as part of this Baskerville action plan. We are also working with industry on the demand side of the equation to meet the challenge of international competition, value added production, modernization and new technology.

MNR has been working very closely with the new industrial restructuring commissioner, Malcolm Rowan, on ways to revitalize the forest industry in Ontario. As part of his initiative to broaden the forest manufacturers' base, senior staff of my ministry have also been working closely with the ministries of Northern Development and Mines, Industry, Trade and Technology, Energy, Treasury and the Environment.

## 1620

Ontario has a great deal at stake in the forestry sector. In some smaller northern communities, 90 per cent of employment comes from forest industries. To develop a strategy to revitalize this sector, we are also consulting with the Premier's Council.

I will continue to keep the House informed of our plans in this area and I want honourable members to know that their input is important and appreciated. I really feel that strongly about the relationship that we have with our people.

Before I leave this point, I would like to say a few things about our forest industries. First of all, they are an important part of the Ontario economy. They support directly and indirectly some 150,000 jobs. I must reiterate that over half of the jobs in the total forestry industry are in southern Ontario; so it is something that is shared very directly with all parts of the province. More than 30 per cent of all manufacturing employment in northern Ontario is directly related to forestry. In northwestern Ontario, more than 75 per cent of all those employed in manufacturing owe their jobs to forestry.

The value of Ontario's shipments of forest products is about \$10 billion annually, with value added to those shipments amounting to about \$4.2 billion. Ontario exports about 80 per cent of



its pulp and 75 per cent of its newsprint, primarily to the United States of America.

Ontario's forest industries have demonstrated through the forest management agreements program, their long-term commitment to doing business in Ontario. In addition, over the past seven years, the pulp and paper, wood products and forest industries have invested over \$3.5 billion in capital expenditures to upgrade facilities, nearly \$1.5 billion of this under the pulp and paper modernization program. That investment has been a significant benefit to northern Ontario.

This is a sector of our economy which makes a major contribution to our prosperity. Government and industry must work together to ensure that we meet the challenge of a changing market. While government and industry do not always agree, our partnership is based on mutual respect. Our positive relationship guarantees that we will continue our dialogue on this and other issues to our mutual benefit.

I must get back to the Baskerville plan. Concern number three in the Baskerville report was the need to ensure that other resource values, such as wildlife habitat and the resource base for recreation and tourism, are managed towards measurable and quantifiable objectives. Our actions included our 10th initiative.

The ministry contracted with an environmental consulting firm to conduct workshops involving groups with a stake in forest management: tourist operators, anglers and hunters, federal and provincial fisheries researchers and forestry researchers, representatives from the forest industry, staff from the Ministry of the Environment and delegates from universities.

Also, two groups—the Federation of Ontario Naturalists and the Sierra Club—were invited but declined to attend. That is one of the things that is very, very sad, because I think that all people should participate, even if there is some question about the ability to get what they are looking for in the way of results. I would encourage them to sit with us at a table any time we get involved with that kind of undertaking.

The purpose of the workshop, of course, was to establish linkages between the activities of timber management and their effects on other resources and values. One of the main benefits of this process was, it brought together major interest groups to identify key relationships between forest management activities and non-timber values. In addition, it enabled MNR staff to develop proposals for studying the effects of timber management on other resource values,

such as tourism, fisheries, wildlife and outdoor recreation and the effectiveness of guidelines to mitigate any adverse effects.

The fourth concern of Dr. Baskerville relates to the need to ensure that the distinction between managing the resource and administering to management of the resource is clear and that level of accountability and responsibility of unit forester is clarified. MNR's action's included the following:

In January 1986, a new timber management planning manual and planning process came into effect. The new planning process ensures that procedures comply with the Environmental Assessment Act and that clearly defined objectives are specified in each plan.

We have recognized that constant vigilance is required to maintain prompt and effective communications within the ministry at the district, regional and main office levels and between these offices and staff. It is also recognized that improvement in communications is a responsibility of every staff member.

We have established new criteria for the position of unit forester and the levels of authority, responsibility and accountability associated with the job. These criteria are available to the public. Development of the criteria involved extensive consultation with ministry foresters.

To ensure that professional foresters work for the ministry and companies involved in forest management agreements have the opportunity to upgrade their skills in timber modelling and forecasting, a set of workshops was given jointly by the staff of the school of forestry, Lakehead University, and the faculty of forestry, University of Toronto, in the spring of this year.

The five-day workshops were attended by foresters, 35 from MNR and eight from industry. We anticipate an even bigger response—because this seemed to be something that was really worthwhile—from industry next year. The workshops are the first of a series to be given by ministry staff over the next two or three years.

Dr. Baskerville advised that all forest management agreements and crown management units should have the full dedication of a unit forester. This analysis is now complete and individual regions have taken appropriate staffing actions to reflect the intent of this recommendation.

The new position of provincial forester is being ably filled by Ken Armson. The provincial forester is giving renewed emphasis to the importance of the technical, scientific and professional aspects of forestry.



The last major concern identified by the Baskerville report was the need to review the ministry's forest resources inventory, or FRI, which is used in current forest management planning.

A committee headed by Dr. Robert Rosehart, whom I mentioned earlier, has reported on its findings related to the inventory's accuracy and reliability. That report was released in June. The report says our forest resources inventory is "efficiently accurate when used for the purpose originally intended." The report also finds "the present conceptual design of the FRI essentially sound."

The committee recommends that the forest resources inventory system be updated to fully meet operational and other needs, such as those of parks, recreation and wildlife managers.

I am pleased to say my ministry has investigated the suggestions for enhancing FRI and has already adopted eight of 20 recommendations for updating the inventory system. These include increasing the use of remote sensing, computer software and other technology that is becoming more and more advanced, and working more closely with private forestry companies.

The report also makes several recommendations that call on the ministry to introduce a forest resources information service. We are now investigating the feasibility of instituting such a service.

This update on the Baskerville action plan indicates that we are committed to making real improvements in forest management in Ontario. The ministry has recognized that we must work harder and smarter to keep ahead of changing demands, changing environments and changing technology. Instead of trying to defend traditional practices, we have taken a leadership role in creating new approaches. And by taking advantage of independent experts in the process, we have increased our public accountability.

One of the foundations of our relationship with the forestry industry is the forest management agreement, or FMA. The first agreements were signed in 1980, replacing existing timber licensing arrangements. These 20-year agreements are signed by the Minister of Natural Resources and a private forest company. The company agrees to carry out forest management planning, including the prescribed activities of harvesting, roadbuilding, site preparation, regeneration and tending. The company must also prepare a timber management plan and annual work schedules for ministry approval. In addition, a company must submit annual reports

and must comply with ground rules which set out the practices for specific sites. The harvest cannot exceed a specified level over a five-year period.

The minister has controls in place on forest management agreements such that if the harvest is more than 10 per cent under the planned level, the minister has the option of assessing liquidated damages and assigning the surplus wood elsewhere. Every five years, the ministry conducts a review to ensure that the obligations under the agreement are met.

**Mr. Wildman:** What if you have not met your obligations to them?

**Hon. Mr. Kerrio:** We go to the polls to try to explain that, and we are re-elected or we are not.

**Mr. Wildman:** No. I mean you sign an agreement to supply them with so many seedlings or to spend so much; if you do not meet your obligation, then you can hardly criticize them for not meeting theirs.

**Hon. Mr. Kerrio:** The fact of the matter is that when we are under some obligation to provide the funding for it, it is just a little different.

**Mr. Wildman:** Sure. But if you do not meet your obligation—

**Hon. Mr. Kerrio:** There is latitude there that we can use wherever we think it is appropriate in setting priorities.

Every five years, the ministry conducts a review to ensure that the obligations under the agreement are being met. If the FMA is being operated according to the contractual obligations, the agreement is extended for another five-year period.

In July 1987, I signed Ontario's 30th forest management agreement. FMAs now cover a total of 177,821 square kilometres, or 69 per cent of all land under timber licences in the province.

Last May, I tabled in the Legislature the third series of five-year reviews of FMAs. We have now completed five-year reviews on 13 agreements, and the results are most encouraging. We have argued that FMAs promote good forest management. These reviews provide the evidence to substantiate that.

The latest reviews of five FMAs produced these results. Harvesting increased by 10 per cent over the previous five-year period, regeneration activities were up by 132 per cent, tending increased 173 per cent and site preparation 194 per cent. While these results are encouraging, there is still room for improvement.

For this latest set of reviews, we did something a little different. Rather than using our own MNR staff, we brought in three outside experts to do the reviews: Al Baxter, a former regional director at MNR; Garnet Bell, formerly the vice-president, woodlands, of Spruce Falls Power and Paper, and Harold Cummings, professor of fish and wildlife at Lakehead University. They assessed a commitment of companies to their FMA obligations, reviewed written records and conducted field inspections to assess their performance.

In all five cases, the review committee recommended that the FMA be renewed for another five years. The five FMAs reviewed were: Quebec and Ontario Paper Co. Ltd. in the Nagagami forest, southwest of Hearst; Pineland Timber Co. Ltd. in the Pineland forest, northeast of Chapleau; Boise Cascade Canada Ltd. in the Seine River forest and the Manitou forest, northeast of Fort Frances; and Waferboard Corp. Ltd. in the Romeo Malette forest, south of Timmins.

Of the 13 reviews conducted so far, in only one case has the renewal of an agreement been deferred. That occurred in the previous series of reviews released in 1987. Extension of the FMA for the Black River forest, which is controlled by Great West Timber Inc., was deferred pending a re-examination of company plans. Great West Timber took over the Black River FMA from another company during the first five years of the agreement. Then, in July 1986, Great West was purchased by Buchanan Forest Products.

The Ministry of Natural Resources monitored the situation to assure itself that the new owners had planning and forest management well in hand. The Black River Forest FMA has now been renewed for another five years.

At present, another four FMA reviews are being completed and will be available in the near future. These are: Domtar, White River, and FMAs in Timmins, Cochrane and Gardner with Quebec-Ontario Paper Co. Ltd.

Forest management agreements are a real success story in Ontario. They integrate harvesting and regeneration activities to ensure that this valuable resource is renewed. And they provide greater long-term economic security for the forest industries and the communities which depend on them. We expect these agreements to generate even better results in the years to come.

Our budget estimate for FMAs this year is \$90 million. That was just about the government's total budget for forest management in 1982-83. In fact, it was \$92 million that year. Now we are

spending more than double that amount. This year, in addition to the FMA expenditures, we are spending another \$104 million on other forest management activities: regeneration, tender stock production and purchase and so on.

I would like to turn now to an issue of paramount importance, not just to this ministry and to resource industries in Ontario, but to all Canadians. That is the Canada-United States free trade agreement.

As all Ontarians are aware, our government opposed the Canada-US free trade agreement.

However, we said that ultimately the people of Canada would decide. They not only decided that but they also decided where the three parties should sit. We are down nearly to a two-party system—maybe next time.

**Mr. Wildman:** Both opposition parties oppose it.

**Hon. Mr. Kerrio:** With the results of the November 21 federal election, the free trade agreement will be implemented.

At the same time, as provincial politicians, each of us in this Legislature has a responsibility to ensure that provincial rights are protected. In this regard, two issues in the resources field must be addressed in the House.

One of those issues is our water resources. As members will recall, I have introduced at second reading the Water Transfer Control Act to assert this province's authority over our water resources and to ensure a secure supply of water for Ontarians and Canadians now and in the future.

The Water Transfer Control Act specifically prohibits transferring water from a provincial drainage basin to the United States or any other place outside Canada. We have said clearly and emphatically in the act that Ontario's precious water resources are not for export outside Canada.

The act is also important because it provides the Ontario government with the power to refuse or approve water transfers within Ontario or other parts of Canada. As I have said before, we cannot ignore Ontario's domestic responsibilities. We must keep our options open regarding water transfers within the province and Canada.

We believe that, at the moment, our control over our water resources is left to the ambiguities of the proposed free trade agreement.

The agreement does not expressly exclude water exports which means there is uncertainty about the security of our water supply. The agreement allows for the possibility of water



ports to the United States despite the statements of the Conservative government.

The federal government introduced the Canada Water Preservation Act just before Parliament adjourned but it offered no protection and the act died on the order paper.

We believe that our precious water resources are too vital to the long-term social, economic and environmental wellbeing of the people of Ontario to be left unprotected. If there is an improvement in the bill because of the initiative of the member for Algoma's party, I am very pleased to share that added protection.

**Mr. Wildman:** Thank you.

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**Hon. Mr. Kerrio:** This government wants to protect our water resources and we will provide protection through Ontario legislation.

We are also examining ways to address the issue of resource practices. We are looking at ways to ensure that we are able to protect a number of existing management practices and procedures in the resource sector. We want to ensure that there can be no question as to whether the practices and procedures qualify as existing measures under the free trade agreement and are therefore exempt from the agreement.

I would like now to provide an update on some other aspects of our forestry work which I have not yet discussed. As I mentioned a few moments ago, the forest resources group of the Ministry of Natural Resources has relocated to Sault Ste. Marie. This move helps to diversify and stabilize the economy of a fine northern city and the economy of the north—I think an important aspect.

The move provides more job opportunities in the north for young people. It is part of a wider Ontario government effort to stimulate greater economic diversification in northern Ontario to provide more employment opportunities, especially for young people, and to encourage stable growth.

I am pleased to report that the move was almost two and a half years ahead of schedule. If I ask the question why, I am sure John Wildman is going to be able to answer, as he was one of the people who was very much involved in the move. There are certain little things that could be said in a very personal way that are so important. Our staff went up there a little while before they were asked to precipitate our move, and they got a reception from the northerners that is second to none. It was an exercise in human relations that should be recorded. I am very pleased that took place.

**Mr. Wildman:** The city and the Sault College of Applied Arts and Technology are particularly pleased to be congratulated.

**Hon. Mr. Kerrio:** Exactly; excellent exercise.

To date, a total of 135 staff positions have been relocated. The new office buildings we are constructing will be completed in 1991. In the meantime, we have a very good location in the downtown core of the city. Our staff has been welcome warmly by the residents after that initial meeting.

The Ontario Tree Improvement and Forest Biomass Institute staff will move into its new state-of-the-art laboratories and greenhouses in 1990. That will bring the total of new MNR staff positions that have moved to the Sault to 235. We expect northern relocation to cost \$5.3 million this fiscal year.

The Sault is already home for our Aviation and Fire Management Centre which was relocated from Toronto in 1978 and home for one of our 47 district offices. The provincial air fleet has been stationed in the Sault since 1922. Dare I mention that they would like to talk about a museum up in that part of the country? But I should not go into that too much because it will cost money.

In addition, the federal government maintains two forestry operations in the city, the Great Lakes Forestry Centre of the Canadian Forestry Services and the Forest Pest Management Institute. Having MNR's forest researchers in the same community will certainly facilitate co-operation between two very important groups.

We expect the Sault to become known internationally as a major centre for forestry. When the Ontario Tree Improvement and Forest Biomass Institute is relocated next to the Great Lakes Forestry Centre, the Sault will be able to boast the largest forest research complex in Canada and one of the three or four largest in the world.

Over the last three years, MNR has been waging a major aerial spraying campaign against three forest pests: spruce budworm and jack pine budworm in the north and gypsy moth in eastern Ontario. Our provincial entomologists report that all three pests are now in a decline as part of the natural cycle, and our spraying program has been significantly reduced. Of course, in the natural cycle, spraying practices have a great impact on accelerating that. In 1988, 27,000 hectares of forest were sprayed with the biological insecticide *Bacillus thuringiensis* or Bt, to protect high-value timber and recreational areas. That compares to 222,000 hectares in 1987.



We remain committed to the aerial spraying program. But the reduction in the need for aerial spraying has meant some cost savings. The spray budget went down about \$6 million this year. This reduction shows up in the forest management activity of the resource products program in the ministry's estimates.

Many natural factors contributed to the decline of these pests. It must be remembered that forest pests tend to come in cycles, and while they are down at the moment, they are never out. That is why the Ministry of Natural Resources is constantly monitoring the situation and planning appropriate action. We spray to protect foliage, not to eradicate these pests.

Attempting to eradicate pests would be environmentally unsound because insects are part of nature. It would also be prohibitively expensive because infestations can cover millions of hectares. For these reasons, we target our spraying programs to specific high-value stands requiring protection during epidemics until the pest population collapses naturally.

I should also mention that, as is always the case, we are using the most up-to-date, scientific technology available for our spraying programs. This lets us achieve the most effective results possible.

This year was a hot one as far as forest fires are concerned. Like last year, the fire season started early due to extreme conditions. Last year, our forest fire management staff kept the total area consumed by fire to 75,000 hectares, which is well below the 10-year average of 160,000 hectares.

This year, the forest fire situation was far more serious. There were more than 3,200 fires, the second-highest total in Ontario's history. Those fires consumed more than 394,000 hectares, well over double the 10-year average, but the amount of merchantable timber destroyed this year was small, a real tribute to our forest firefighting efforts.

Staff have been working on a number of initiatives to reduce the impact and damage resulting from forest fires. These include gearing up earlier in the season, pre-positioning resources to provide a faster response and initial attack on fires, continuing to provide more organized and more effective sustained attacks on fires and using aerial surveillance to provide better-directed and more intensive fire detection.

One of the worst fires this year was Kenora 14 in early May. At its height, there were 750 people, including fire crews, pilots and support staff, fighting the blaze. We had assistance from

Quebec, Manitoba and the Yukon in the form of water bombers and fire crews. Also, native fire crews and support staff from the remote northern Ontario communities assisted our firefighting team on Kenora 14 and throughout the fire season.

As a precaution, residents of the White Lake Indian reserve, northwest of Kenora, were evacuated for a few days, as were about 10 cottagers. Ten cottages were lost in the fire, but hundreds were saved because of the hard work and skill of Ontario's firefighting operation.

We are one of the best equipped jurisdictions to fight forest fires in this country and we are particularly proud of our fleet of nine Canadian-made CL-215 water bombers. This aircraft is the only one in the world designed specifically for fighting forest fires. Seven of the CL-215s were purchased under a federal-provincial co-operative agreement. I should perhaps explain at this point the reason that the 1988-89 estimates show the Aviation and Fire Management Centre budget coming in about \$11 million below last year. This is because we completed our CL-215 purchases last year.

Members will also note that there is an additional \$5 million for 1988-89 under extra firefighting. However, I should point out that because of the serious fire season this year, we actually had to spend \$57 million for extra firefighting, about \$80 million in total.

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You know, ordinary citizens could do more to fight forest fires than all the equipment and manpower in the world—simply by not starting them. Forest fires cost Ontario an average of \$1 billion every year, and 70 per cent of these fires are caused by people. I would like to take the opportunity to ask members of the public who enjoy our forests to be extra careful.

A campfire that is abandoned without being extinguished, a carelessly tossed cigarette butt or discarded match can erupt into a Kenora 14 fire that burns through more than 22,000 hectares in a matter of days.

Our staff are involved in prevention of forest fires, as well as detection and suppression. We are developing fire prevention education packages for grades 1 to 12 to emphasize our message that human carelessness is the primary culprit.

While the front line of our firefighting operation remains the on-the-ground fire crew, we are increasingly making use of new computer technology to help us detect fires and mount the best offence against them when they start.

Computer programs are becoming so sophisticated that they can be used to help the fire manager predict what a fire will do over the course of the next 12 hours, given the location, fuel, topography, weather and other factors influencing the spread of the flames.

Our five regional fire centres, in Timmins, Sault Ste. Marie, Sudbury, Thunder Bay and Dryden, are linked by a computer communications network to the main office of the aviation and fire management centre in Sault Ste. Marie.

I mentioned that we received assistance from other provinces and territories during Kenora 14. MNR, in turn, lends equipment and manpower wherever it can. Ontario was one of the founders of the Canadian Interagency Forest Fire Centre in Winnipeg, which co-ordinates requests for help. Myself and my deputy minister visited the centre last past year.

In addition, in April 1988, Premier David Peterson and Michigan governor James Blanchard signed a document of intent as the first step towards Ontario's membership in the Great Lakes Forest Fire Compact. The compact was formed by three states bordering Ontario—Michigan, Minnesota and Wisconsin—to provide mutual assistance in forest fire emergencies. The members also share information and programs on fire prevention and control.

I am not sure that we mentioned that we had crews from the United States this past year. It is quite an experience for firefighters who come from different jurisdictions. Ontario has been sharing information and programs on an informal basis with the US for some time, but the agreement formalizes and strengthens the relationship.

Ontario's outreach goes beyond this continent to the Pacific Rim. MNR's project to develop a model forest fire management system in northern China is in its fourth year and scheduled for completion in 1989.

MNR is the lead agency in this Canadian project, sponsored by the Canadian International Development Agency. Twenty-nine Chinese fire fighters have received a total of 636 weeks of training in Canada, including practical instruction provided by ministry fire managers. Canada has also sent 1,000 pieces of equipment to China, including fire detection equipment, radios and computers.

Canadian advisers in China are helping the Chinese to make the system operational and to transfer the technology to the Chinese field staff. This project is an example of international cooperation at its best, and we are certainly

proud to be a part of it. Anyone who does not behave in the ministry gets sent to Jiagedaqi.

My ministry operates four technology development units, known as TDUs, across Ontario. They are located in Timmins, North Bay, Brockville and Thunder Bay.

The basic job of the TDU is to take research in forestry and make it accessible to resource managers in government and industry who are working in the field. The reason we have those units in different areas of Ontario is because there are particular geographic and soil characteristics in different regions of the province which have an impact on forest management.

The Thunder Bay TDU, the newest in Ontario, has assisted industry field managers in solving problems with field storage of container seedling stock and the proper application of herbicides. The unit has also consolidated forestry research documents so that they are available for use by field personnel. The unit has five technical specialists in resources management on staff. They include a wildlife biologist, who concentrates on improving forest management techniques to enhance wildlife habitat.

Other work by our technology development units include investigating improved methods of growing hybrid poplar, natural regeneration, growth and yield studies and tree improvement.

A good deal of the research which is applied by these development units comes from an active research arm of MNR, our Ontario Tree Improvement and Forest Biomass Institute, known in MNR as OTIFBI. As I mentioned earlier, the institute will be moving to new ultramodern research facilities in Sault Ste. Marie in 1990.

Many of the breakthroughs developed by MNR researchers over the years have become part of everyday forest management across Ontario. OTIFBI scientists have developed improvements in the handling of nursery stock for the province's reforestation program, for example.

Our scientists are also involved in genetic research, and four of them have been working within the plant biotechnology centre at the University of Guelph since September, so you can see how closely related this is to agriculture. In May of this year, MNR delivered a cheque for \$500,000 to the university for laboratory facilities to be used by ministry scientists working on development of supertrees.

The MNR scientists are conducting genetic experiments with plant material from commercially valuable trees, such as black spruce and jack pine. The goal is to produce large quantities



of tree seedlings that are genetically identical to a single superior tree which grows faster and straighter and is more disease-resistant than naturally occurring trees.

This research is being carried on at Guelph to foster co-operation with a university which is renowned for its successes in plant biotechnology. A long-term operating agreement has been reached by MNR and Guelph whereby the ministry assumes administrative and equipment costs of the program and the university provides the research accommodation and related services. The ministry unit will continue to be part of OTIFBI.

We have extended and expanded the mandate of the Ontario Forestry Council, which was established in 1984 to identify research needs, make recommendations and review research activities.

The council, which has representatives from the Ontario and federal governments, industry and academic institutions, will continue its role for another three years, and it will now co-ordinate all forest research activities in the province. A new subcommittee, the Ontario Forestry Research Committee, has been formed to set priorities and co-ordinate programs. This subcommittee was created by combining a number of existing federal and provincial research groups.

During this fiscal year, we will spend \$194 million on forest management in Ontario and renew 130,000 hectares of forest. About 85 per cent of this program is conducted in northern Ontario.

As I have mentioned, there has been a major expansion in expenditures on forest management and the amount of forest regenerated since 1979. Tree planting has increased during this period from 75 million trees annually to 160 million. About half of the tree seedlings shipped to planting sites around the province every year are grown by private nurseries, and the other half are produced at MNR's own facilities.

The active partnership of my ministry and the forest industry through the forest management agreement program has made possible the significant increase in the forest management program in the last eight years.

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Because of tree improvement research by the Ministry of Natural Resources, we are not only renewing more forest land; we are also planting more high-quality trees. These trees also have a better chance of survival than ever before because of ministry and industry tending and

protection activities. We are doing more to protect valuable growing seedlings by preparing sites better, weeding after planting and monitoring sites for fires and insect infestation.

During the past year, we implemented one of the key recommendations of the Provincial Auditor's report on forest management, when we began tendering contracts for seedling supply. The initial contracts that began in 1981 were for the purchase of 30 million seedlings from private growers in northern Ontario. For this fiscal year more than 93 million container stock seedlings are being purchased from private growers.

The new contracts include strict specifications for the seedling supply to ensure a high-quality product. They provide for substantial prepayments with the balance paid on delivery of healthy trees. A variety of optional contract periods are allowed to give flexibility for growers in meeting production targets.

Prior to this year, while the industry was developing, the ministry bore the lion's share of the risk of overwintering seedlings. In 1987-88, my ministry met with these private growers to develop an arrangement whereby the growers would start to carry a greater share of the risk. This industry has matured and is now sufficiently strong to compete for business in the marketplace.

I expect members of this committee are familiar with the Canada-Ontario forest resource development agreement, the \$150-million, five-year cost-sharing agreement signed in 1984 between the federal and Ontario governments. COFRDA was designed to support and enhance forest management in this province. It has done so by providing funding for a variety of valuable projects ranging from building forest access roads to researching remote sensing technology via satellite.

But time and funding under this agreement are running out. We are within five months of the expiry date. It would be most unfortunate if COFRDA were allowed to lapse without another agreement being signed. The province has expressed to the federal government its keen interest in negotiating a replacement agreement. In fact, we have entered into preliminary discussions with our federal counterparts.

Members should be aware that fully 15 per cent of my ministry's forest renewal activities have been funded under COFRDA since 1984. The existing agreement is an example of excellent government-to-government co-operation. The projects it has supported have been worth while and it has served to draw



government and industry together. In some projects, industry has joined in the co-operative financing. To those members who sit in the third party, I would ask them to put pressure on their federal counterparts to approve another agreement.

I would like to talk a lot about our valuable forests in Ontario, and here we talk about partnership again. Our partnership with the federal people, of course, has been most valuable and I am really hopeful now that we can renew that contract. I think it is after the first of the year, March. We hope that maybe they would increase it somewhat because I think that in terms of numbers, British Columbia is the most active and largest producer; I think its COFRDA type agreement was for some \$300 million. Quebec is the next largest producer but we are not that far behind them; I think Quebec got \$300 million and we got \$150 million. There is a message somewhere, but we will not get into that right now.

As a further reference to our intergovernmental relations, I am pleased to note that in September I assumed the chairmanship of the Canadian Council of Forest Ministers, which includes my federal counterpart and provincial ministers from across the country. I do not know what is going to help lever development on a new COFRDA decision, because we actually lost every fine co-chairman of that committee in Perry Merrithew who has moved out of that co-chairmanship role. I think the man who took his place lost the election, so we are going to have to find a new guy. I hope he is very co-operative. We also had a new arrangement for the Canadian Council of Wildlife Ministers and the co-chair there was Tom McMillan. I do not know what happened to him but these two committees seemed to lose a lot of the players for whatever reason.

**The Acting Chairman:** Minister, while your end of thought is broken, perhaps I can advise the committee that there is going to be a vote. We gather the bells may well start fairly soon on Bill 2. I wonder if in the interest of time it might be possible to begin to highlight sections of your report and perhaps complete it today and maybe take the balance as read, or do you want to carry it to the next day, should we have to break in the next 20 minutes?

**Hon. Mr. Kerrio:** I am not prepared to go the American route of taking the context of this as intended. It has been traditional in this place that the opening statements are accepted on the basis of the time it takes to present them.

**Mr. Wildman:** I am on page 205. I will take the rest as read.

**Hon. Mr. Kerrio:** You go at your pace and I will go at mine.

**The Acting Chairman:** I am sure we have another 20 minutes or half an hour. I just wondered if it was possible to perhaps highlight it, and in that time we might complete it today.

**Hon. Mr. Kerrio:** I am anxious to have this on the record.

**The Acting Chairman:** Okay.

**Hon. Mr. Kerrio:** Whenever you are ready, we will go and do our thing.

As a further reference to intergovernmental relations, as I said before, we now have the chair with the federal member resting in Ontario with myself as co-chair. I would also like members to know that early next March, we will be hosting here in Toronto an investment symposium involving senior industry and investment sector representatives to look at forest investment opportunities in Canada. That will be one of the first responsibilities I will have as co-chair. Next September, Ontario will be hosting the annual meeting of the Canadian Council of Forest Ministers. I have talked about—

**Mr. Wildman:** Will representatives of the opposition be invited as observers at that meeting?

**Hon. Mr. Kerrio:** No.

**Mr. Wildman:** That was a serious question.

**Hon. Mr. Kerrio:** I have talked about our balanced approach to resource use as it relates to our forest resources. Let me expand on that approach and discuss how it relates to managing our public lands.

Again, we want to strike a balance so that we ensure that we get a range of social, economic and environmental benefits from these resources. Again, our balanced vision is framed by conservation. We manage our public lands in a way that encourages development and also ensures that we protect and preserve the natural environment.

Leading into the crown land as a development tool, I mentioned at the beginning of these remarks that 87 per cent of the land in Ontario is owned by the crown. That represents a tremendous resource to be used for public benefit. At MNR, we have been promoting initiatives to use crown land and water more effectively as an economic development tool, especially in northern Ontario. Our efforts are directed in such a way as to optimize the public benefits resulting from the use of crown land.

There are 15 ministries on the steering committee overseeing the implementation of what we call the crown land as a development tool initiative. Our aim is to foster job opportunities, stimulate new investment and promote economic diversification in the north, all within a quality environment.

Aquaculture, peat extraction, hydroelectric development, water-based recreation, tourism and cottage development are some of the activities we encourage. One of the specific development initiatives is the offer of longer-term tenure on crown land and water to make it easier for entrepreneurs to obtain financing and to encourage the development of high-quality facilities.

Six primary development areas have been identified as an initial focus for intensified investment. These areas are Ear Falls, Ignace, Atikokan, Wawa, the Detour Lake-Abitibi corridor north of Cochrane and Whitney near Algonquin Park.

We are fostering co-operative action through area implementation teams, made up of representatives of MNR and other government ministries, municipal officials, northern development councils and various public interest groups. These teams review proposals for development in their areas.

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In addition, the ministry has contracted with the consultants to provide independent advice on the most beneficial use of crown land from a development viewpoint. The ministry has also asked the consultants for a comprehensive administrative review of the ministry's land disposition policies and practices for land management, and a market study on the demand and economics of cottage development.

Cottage lots and crown land in northern Ontario were again made available in 1987 and the response has been good. About 200 lots were sold or leased last year and the program is continuing. Effective in 1988, we also extended a program whereby nonresidents of Canada pay a fee for camping on crown land north of the French and Mattawa rivers. The nonresident crown land camping permits cost the same as interior camping permits in provincial parks, and apply to persons 18 years of age or older.

A pilot project was conducted in MNR's northwestern region and Atikokan district before introducing the fee across the north. We found that the permit fee did not discourage visitors and the revenue could assist in offsetting the costs of such services as garbage collection and maintenance

of roads used for crown land camping. Also encourages nonresidents to use tourist facilities in Ontario and allows better management of popular crown land camping sites.

Last June, amendments to update Ontario's Public Lands Act were passed by the Legislature. Some of the 18 amendments are designed to complement our development initiative and help us protect crown lands from abuse. One amendment creates a multipurpose work permit for construction and other operations on crown lands, replacing the variety of work permit letters of permission and other approvals now in use.

By cutting through some of the red tape that is currently associated with crown land development, we will encourage more entrepreneur development. The amendment also enables MNR to control or stop harmful operations being conducted without authorization.

Other amendments are to repeal a requirement that anyone who buys crown lands and subdivides them within five years must forfeit 25 per cent of the purchase in land or cash, to make those who illegally dump or build on crown land liable for the cost of cleanup and rehabilitation and to increase the maximum fine under the act to \$5,000. These amendments correct shortcomings in the existing act that were drawn to our attention by members of the public.

Last June, I introduced a new Aggregate Resources Act in the House to provide for better management of this very valuable resource. This new act is a major initiative for aggregate resource management in Ontario. The new bill will consolidate all legislation dealing with aggregate extraction into a single act. It will replace the Pits and Quarries Control Act, the Beach Protection Act and part of the Mining Act which deal with quarry permits.

**Mr. Wildman:** Why is that not under mines

**Hon. Mr. Kerrio:** Only where we are doing those parts that very appropriately belonged to the aggregate section. Some of it was in mining and I believe that is the reason we moved it. But we are talking about sand and gravel and some extraction that is more of the aggregates type, maybe limestone and some of those things. That is the reason it was brought in there.

Mineral aggregates contribute about \$1 billion in direct value to the Ontario economy annually. Under the new act, and I think this is very significant about where we are going, municipalities will have more involvement in the review of aggregate operations and will also receive more revenues. Closer controls



operations, more extensive and better quality rehabilitation of sites and increased penalties for ice-breakers are also included in the new act.

My ministry has prepared two new publications to help operators rehabilitate sites. One deals with the restoration of pits and quarries for use as fish and wildlife habitat. This is particularly important in southern Ontario where 95 per cent of the production of sand and gravel takes place. The other focus is on rehabilitation problems particular to northern Ontario.

During the summer and fall, the ministry undertook an expensive round of consultations with the new act with municipalities, the aggregate industry, environment groups and other interest groups. We are consulting with groups to explain the new act and the direction it will take and to receive their views and consider their recommendations. I expect to introduce the Aggregate Resources Act for second reading soon and I urge members to support this important bill as it moves through the process.

Shoreline management along the Great Lakes is a very important part of the ministry's activities in managing lands and waters. It is neither one of the program areas in which we have a lot of direct contact with the public, particularly property owners. It also involves cooperative action with local municipalities and other agencies.

Shoreline management requires both ongoing surveillance and quick reaction to emergencies. The dry weather that causes us problems with flood risk in the north has reduced flood risk along the Great Lakes. The all-time high water levels recorded in the Great Lakes in 1986 was an issue on which we had a great deal of pressure by the end of the official opposition and it did not take long to reduce the water levels to a more manageable height. The conservation authorities branch and the water level management branch of MNR issued about 200 lake-level-related advisories last year.

The Ministry of Natural Resources' Streamwise Forecast Centre is part of a network that monitors high water levels. The centre has been computerizing its data collection operations since 1985. A few years ago, the centre's staff spent hours during critical flood periods reading water level gauges by telephone. Now the computer reads the data, leaving staff free to spend their time on analysis and forecasting.

There are 260 data collection stations in Ontario that measure water levels in streams and lakes. They also measure record rainfall levels,

which then allows us to address the problems that might develop.

This spring, two large ice jams on the Goulais River north of Sault Ste. Marie caused a provincial flood emergency. I think the member for Algoma (Mr. Wildman) was very much involved and I thought it was a very good exercise. The severe flooding cut off road access to more than 125 homes and buildings along the river and a number of people had to be evacuated. I toured the flood area at the time and I was impressed with the co-operation and dedication of MNR district staff, the Goulais fire and rescue volunteers, the Ontario Provincial Police and others who worked around the clock to assist in the evacuation.

I was also pleased with the co-operation we received from the United States Coast Guard, which provided ice-breakers to relieve pressure in Goulais Bay and allow the flood waters to abate. Long before the Russian ships went up and released the two whales in the Arctic we had that co-operation right here.

Another part of our job is long-term shoreline management. In order to ensure that we receive feedback from the public on what it thinks we should be doing in this area, the Shoreline Management Advisory Council was established in 1987 to solicit comments on shoreline issues and provide my office with advice. The council released its report in September.

The ministry has produced guidelines for developing Great Lakes shoreline management plans, which emphasize the importance of a team approach to tackling flood and erosion issues. The guidelines have been distributed to conservation authorities and MNR field staff.

Other initiatives include preparation of hazard mapping for Great Lakes shorelines under the Canada-Ontario flood damage reduction program and MNR participation in International Joint Commission studies related to Great Lakes water levels. We are also working with the Ministry of Municipal Affairs on drafting a policy statement for shoreline management that will provide consistent planning direction from municipalities along the Great Lakes.

In addition, we co-operated with several provincial ministries, the Association of Conservation Authorities of Ontario, the Municipal Engineers' Association and the Urban Development Institute in the development of guidelines for urban drainage design and erosion and sediment control in urban areas. Of course, floodplain mapping is one of the very important initiatives we took.



While on the topic, of course I want to mention that recently my colleague the Minister of Municipal Affairs (Mr. Eakins) and I informed the House that cabinet has approved a joint provincial policy statement on floodplain planning. The policy statement will be issued under section 3 of the Planning Act. It allows local government flexibility when drafting land use plans for areas susceptible to flooding. It recognizes that flooding is a public health and safety matter, and therefore a matter of provincial interest.

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The policy statement requires that all ministries, boards, commissions, municipalities and planning agencies must now have regard for flood-susceptible lands and incorporate policies to address new development in flood plains in land use planning documents, such as official plans and zoning bylaws. The statement strengthens the province's policies for flood plain management.

On the conservation authorities, the achievements of Ontario's 38 conservation authorities include not only flood control, but also wetland protection, erosion control, conservation education, wildlife management, heritage preservation and outdoor recreation.

In the current fiscal year, the province will provide a total of \$42.9 million to conservation authorities for various water management, conservation and recreation projects within their watersheds.

I am sure members of this committee are familiar with the review of the role of conservation authorities in Ontario. We launched this review at the request of the authorities themselves and others. We agreed that it was time for a comprehensive look at where they are now and where they should be going in the future.

To do this, we appointed an interministerial committee to examine the responsibilities, structure, membership, grant rates and funding levels of the authorities. The committee included representatives of Natural Resources, Environment, Agriculture and Food, Tourism and Recreation, Municipal Affairs and Treasury and Economics.

The committee has completed its review and I released its report in June. The committee recommends making program delivery more consistent and clearly defining responsibilities and clarifying the role of chartered accountants in many areas. The proposed program changes will free up funds to maintain the existing investment

in water control structures and recreation facilities.

The committee found that efficiency, cost effectiveness and consistent program delivery can be improved. That is why the committee suggests amalgamating conservation authorities in southern Ontario within two years, to reduce the total to 18 from 33.

The committee also feels that cutting membership on the conservation authorities by some 6 will permit all members to participate in the decision-making of their authorities and will improve efficiency.

The committee also wants to reduce the variation in funding for CAs by eliminating supplementary grants and establishing the provincial grant rates of 40, 50 or 70 per cent against the cost of all programs.

The new grant rates will free up provincial funding by \$5 million. The committee recommends that this \$5 million stay in the program and be augmented by an additional \$5 million to help authorities maintain the existing investment in water management structures and recreation facilities.

Conservation authorities, affected municipalities, special interest groups and the public are currently responding to the report. Conservation authorities will continue to play a key role in resource management in this province.

In the remote sensing area, I have already mentioned some of the new technology and technology development we are working on for forestry, fire management and shoreline management. One of the most exciting areas of high-tech research in my ministry is remote sensing and digitized mapping.

Our geographical information service system is designed to consolidate a vast array of information on land, land use and resources, and make it easily accessible. The applications and use of this information system are literally countless. Some of the more obvious ones are land use planning, transportation and environmental controls.

A municipality planning a new subdivision will eventually be able to call up the geographical data on the site on its computer and identify features of the area, such as potential flooding problems, the location of a valuable wildlife habitat, sewer lines and highways.

We have begun pilot projects in Cambridge and Timmins districts to determine how district-wide, integrated, geographical information system could best be used by local municipalities.

ities, conservation authorities, planners and emergency service agencies.

If you are wondering why we have included emergency service agencies, there is a very good reason. One day, the ambulance dispatcher is going to be able to plot the best route to your doorstep using this computerized information system.

The map data interchange format that we have developed is attracting interest not just across Canada but internationally. This format will allow for communication of data between different computer systems.

**Mr. Tatham:** We used that system that was funded by MNR in Oxford county to set out our garbage routes, so that was helpful there.

**Hon. Mr. Kerrio:** You put it to use already.

We are also involved in state-of-the-art computer analysis and mapping from satellite pictures of our forests. Again, the applications are fantastic. Our Centre for Remote Sensing and the northern central regional office are co-operating in a project to map forest sites according to their vulnerability. The data will be integrated with information on forest fire control.

Another application involves mapping the regrowth of forests after logging or fire, using satellite pictures and computer analysis. In remote sensing, when they say the sky is the limit, they are not kidding.

Native affairs, of course, is one of the areas that I am pleased to be associated with, in the sense that there was quite a long time when we did not have a cabinet committee on native affairs. But one of the first initiatives we took to deal with that was to structure such a committee under the chairmanship of the Attorney General (Mr. Scott).

This will be the last time I will be reporting in estimates on native land claims research and associated policy functions. In the interest of consolidating the government's approach to native issues, these responsibilities were transferred in 1988 to the Ontario Native Affairs Directorate.

Staff in my ministry are working closely with the native affairs directorate to make progress on hunting, fishing, trapping and other natural resource issues that affect native people and to provide expertise on land and resource issues relating to land claims.

It should also be noted that my ministry is making a more concerted effort through its public involvement process to involve native communities. We recognize that native communities have been excluded from much of the development

going on around them in the north. We are asking for specific input from native people on such issues as timber management and parks management plans.

I should also mention a major development project involving a native community that I announced last week. The Pic/Heron Bay Indian band will be moving ahead with a \$20-million small hydro project near Marathon on the northeast shore of Lake Superior. The crown-owned site for the small hydro project will be leased to Begetekong Power Corp., which is jointly owned by the Pic/Heron band and David Carter, a hydro developer with three projects in the Dryden area.

Now, in some measure, when you are thinking of hydro, it is a small plant, but in terms of small hydro development throughout the province the project will produce 12 megawatts of electricity. A megawatt will supply some eight or nine homes, so you get the idea that 12 megawatts is quite a nice plant for this kind of investment. The revenue generated by sales of the electricity will help the band improve the economic and social wellbeing of the Heron Bay area. This project is the largest small hydro development undertaken so far as part of the crown land, as a development tool program.

In the area of protection of wildlife, it is hard to know where to begin in talking about my ministry's programs, because protecting wildlife and wildlife habitats is part of so much of what we do.

Our programs to protect valuable wetlands and other areas of natural and scientific interest benefit wildlife. Our provincial parks system provides long-term protection for large blocks of wildlife habitat. Our conservation land tax reduction program, approved by the Legislature last June, encourages private land owners to keep important wetlands and other sites in their undeveloped natural state and so protect wildlife.

Our timber management planning process includes guidelines to protect moose habitat. Additional guidelines to enhance protection of habitat for other species are being completed. Our environmental monitoring of the effects of acid rain and other sources of contamination to wildlife is another way in which we practise protection. Our enforcement activities help protect wildlife by ensuring that the laws and regulations governing the use of wildlife are obeyed.

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Then there are all the MNR programs directly involved with protecting endangered species,



reintroducing wildlife, species that have been lost to this province, rehabilitating habitat, combating rabies, providing information on wildlife to the public, and so on.

As I mentioned earlier, at MNR we actively work with nongovernment organizations to pursue common goals. An example of this co-operation is our relationship with Ducks Unlimited Canada. In June, I was pleased to be able to announce that we have signed a new five-year agreement with Ducks Unlimited.

Under the agreement, MNR will contribute \$3.3 million to our ongoing waterfowl management program, and Ducks Unlimited will commit \$16 million to maintain, create and restore 10,000 hectares of waterfowl habitat in northern and southern Ontario.

Because our wildlife programs are so wide-ranging, and because there is growing interest in this area among the public, I have come to a view that what is needed is a new and comprehensive look at all of our wildlife issues. I have asked my staff to prepare the necessary material for the initiation of such a process.

To talk just briefly about some of our wildlife activities: Last year marked the 100th anniversary of the creation of the first wildlife sanctuary in North America at Last Mountain Lake in Saskatchewan. To celebrate, MNR participated in Wildlife '87, a national conservation awareness program.

Each month, MNR honoured an individual who had made a major contribution to wildlife in Ontario with a "Conservationist of the Month" award. This was so successful that we are continuing the awards and we have broadened the criteria to include all aspects of conservation. I think this program is useful in highlighting the real difference that an individual can make in conservation areas.

Another symbol of wildlife in Ontario is the wild turkey. We used it as the 1987 symbol of National Wildlife Week in Ontario because of the successful reintroduction program carried out since 1984.

The wild turkey became extinct in Ontario in the early 1900s because of loss of habitat. Unregulated hunting at the turn of the century also likely contributed to the loss of the wild turkey. We have been able to turn this around and bring back a native species that had disappeared from the province. We have worked co-operatively with the Ontario Federation of Anglers and Hunters Inc. and others to reintroduce wild turkeys brought in from the United States.

By last year, numbers were sufficiently large in eastern Ontario that a controlled hunt was held in Napanee district. Hunters were required to attend mandatory training sessions before being allowed to hunt this challenging game bird.

In 1987, MNR issued 636 validation tags to hunters and 64 wild turkeys were harvested. Another hunt was held in Napanee district this spring. A total of 582 tags were issued and 7 birds were harvested. Wild turkeys are very hard to find.

Wild turkeys continue to increase in number and additional hunts are authorized for three more areas next spring: Huronia, Cambridge and Simcoe. In addition, there will be another hunt in Napanee district.

There is an important issue relating to endangered species. My ministry does a tremendous amount of work in the protection of certain species of wildlife. However, our practical efforts to improve the status of many species would have to be curtailed if it were not for the co-operation and assistance we received from interested private corporations, volunteer organizations and individuals.

We have completed our twelfth year in the program to release peregrine falcons to the wild. Our efforts to improve the status of threatened and endangered species have been aided by a diverse array of groups.

In southern Ontario, three release centres were selected in 1988: Hamilton, Guelph and Kitchener-Waterloo. A total of 14 peregrine falcons were released in these three centres. Volunteer members of several naturalist clubs played a very active role, caring for the birds and monitoring their progress. In Ottawa, the Canadian Wildlife Service and MNR have been assisted by Agriculture Canada, the National Museum of Natural Sciences and the Ottawa Field-Naturalists' Club.

Earlier this year, I was happy to be able to report there is evidence that the peregrine falcon is coming back from near extinction in eastern North America. Three female peregrines released in Ontario have paired with males in the eastern United States and Quebec and produced at least five chicks. Two of these females were released by the ministry in Toronto and one was released in the Niagara peninsula. In addition, we have confirmation that a pair of peregrines in Ontario has produced two chicks. That is very important to that endangered species.

My ministry is co-operating with the Federation of Ontario Naturalists and other volunteers to reintroduce the trumpeter swan to wetlands in southern Ontario. Our efforts are designed



establish the trumpeter swan and halt the spread of the European mute swan, an aggressive invader.

In 1987, the Grand River Conservation Authority and MNR co-operated on a program to release bald eagles to the wild at a conservation area near Cayuga, with the help of the Hamilton Ornithologists Club, World Wildlife Fund and Air Canada.

The time, energy and funds devoted by various groups to the cause of protecting wildlife in Ontario is very, very encouraging.

The Atlas of Breeding Birds of Ontario, published last fall, is another example of how volunteer agencies and individuals can make a contribution. This atlas is the work of more than 100 volunteers across Ontario.

The atlas identifies the breeding distribution and abundance of every avian species which breeds in the province. The Federation of Ontario Ornithologists and the Long Point Bird Observatory sponsored the project. The ministry contributed funding and support, including transportation and accommodation for some volunteer field workers, particularly in the north. In addition, a number of those volunteers who worked on the atlas were MNR employees who donated their own time.

One of the species in the atlas is the common loon. We have proposed that the common loon become the avian emblem for the province. The loon was the overwhelmingly choice of Ontario school children who entered our contest to recommend a provincial bird, and I thought it was most appropriate that the school children of this province should participate in such a contest. We will ask the Legislature to pass an avian emblem bill and adopt the common loon as Ontario's official provincial bird.

I just want to make a quick mention of the fact that the young lad who won the contest was a young native adopted by white parents. It is quite a significant story that the emblem was chosen by that kind of an individual.

Our community wildlife improvement program, CWIP, one of our major success stories in terms of public involvement in resource management, is a very important initiative.

Last year, more than 5,000 volunteers donated close to 50,000 hours of work on 172 projects under this involvement program. These projects include habitat rehabilitation, enhancing of wildlife populations, contributing to wildlife research and a host of unique and innovative participatory ideas.

The 1987 winner for the best project was the Pollution Probe Foundation for its creation of an ecology park in a derelict parking lot in downtown Toronto. The park is a haven for urban wildlife, such as birds and butterflies. MNR provided \$4,000 over two years for plants and other vegetation. More than 120 volunteers spent about 3,500 hours preparing the ground, planting trees and shrubs and installing interpretive signs and trails in the park. Volunteers continue to maintain the park.

Since the wildlife involvement program began, more than 500 wildlife projects across the province have been completed or are being worked on. These projects benefit wildlife, but they also benefit those who participate, because the projects are an education for those who get involved. I would also think that they become very protective of the things they enhance, and that is another aspect of the whole initiative.

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One of the important duties of my ministry is to protect wildlife and plant species. Since 1977, the ministry has produced 34 status reports and 24 field studies on species which are rare, threatened, endangered or fall under other categories of concern.

The Ministry of Natural Resources' wildlife branch manages endangered species, animal and plant species in Ontario. In 1987, four rare plants were protected under Ontario's Endangered Species Act. The four plants are the cucumber tree, the heart-leaved plantain, the prickly pear cactus and the large whorled pogonia. The plants are found only in localized parts of southwestern Ontario and are endangered by the destruction of their natural habitat and other factors. These additions bring the total number of plants and animals officially listed as endangered species in Ontario to 18. The Endangered Species Act provides for fines and/or imprisonment for those convicted of damaging or harming protected species or their habitat.

In addition to endangered species, my ministry also has concern for other species of birds, animals, reptiles, amphibians, invertebrates and plants that are valued for recreational, aesthetic, scientific, educational, economic and other reasons and for their essential role as components of healthy ecosystems. Ministry of Natural Resources wildlife managers, like those across North America, are becoming increasingly involved in the management and protection of all wildlife, not just those species that are hunted.

Among our measures to conserve nongame species, my ministry has prepared management

guidelines for osprey, herons and other species and has assisted the development of important databases such as the Atlas of Breeding Birds of Ontario, which I mentioned just a few moments ago.

Another important part of our protection program is enforcement. We have 239 conservation officers, supported by about 450 deputies, enforcing more than 18 federal and provincial statutes.

Last year, officers contacted over 438,000 resource users. They issued 15,262 warnings and laid 7,341 charges for offences relating to fishing and hunting under the Game and Fish Act of Ontario, the Migratory Birds Convention Act of Canada and the Fisheries Act of Canada and other acts and regulations. Working with parks and fire personnel in enforcing the Provincial Parks Act, the Public Lands Act, the Forest Fires Prevention Act and other statutes, officers laid more than 4,450 charges.

Most of our resource users are responsible citizens. Some people try to get away with something they know they should not now and then, but there are always a few people who exhibit an appalling disregard for the law and for the impact of their actions on existing resources and the future of those resources. Fortunately, those people represent a minority.

Recognizing this, ministry enforcement staff are putting new emphasis on something our officers have always done: informing and educating the public. Conservation officers are active in schools, service clubs and sportsmen's groups. They are involved in community wildlife and fisheries improvement programs. They do lay charges for infractions, but they also are in touch with thousands of resource users every year, educating and informing.

While we are on the subject of game and fish, I should give members an update on amendments to the Game and Fish Act. As you are aware,

amendments which were introduced in the Legislature some time ago and died on the Order and Notices paper are currently under review by my ministry. Some of these proposed amendments are housekeeping matters and some represent substantive change. I am concerned that the delay in proceeding with the housekeeping matters could detract from the effectiveness of some of our programs. On the other hand, I realize there is a limit to the amount of patching that can be done to existing legislation. As I mentioned a moment ago, it is time for a comprehensive review of wildlife issues and I will have more to say about that subject in due time.

On deer management, the deer herd in Ontario has more than doubled since 1980 to an estimated 250,000 animals. Major factors in the growth of the herd to levels not seen in Ontario since early in this century are the Ministry of Natural Resources' selective harvests and controlled deer programs and milder winters that we have been having, which have certainly been a help.

Managing deer at high population levels means holding densities at levels consistent with the carrying capacity of the range, other land use and maintenance of healthy deer. This management program avoids the dramatic changes in deer numbers usually associated with overpopulation.

**The Acting Chairman:** Mr. Minister, I think people are anxious to get into the House for a vote.

**Hon. Mr. Kerrio:** It is an appropriate time. We have only got 400 more pages to go. We can do them in the next two sessions.

**Mr. Black:** Saved by the bell.

**The Acting Chairman:** The committee adjourned until tomorrow.

The committee adjourned at 5:44 p.m.

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**Wednesday, November 23, 1988**

**Deputy Ministers, Ministry of Natural Resources**

**Opening statement**

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Deputy-Chairman:** Wildman, Bud (Algoma NDP)

Clark, Kenneth H. (Muskoka-Georgian Bay L)

Down, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

For, Ruth A. (Etobicoke-Lakeshore NDP)

Land, Margaret (Mississauga South PC)

Guigan, James F. (Essex-Kent L)

For, Norah (Durham West L)

Ham, Charlie (Oxford L)

Weman, Douglas J. (Lanark-Renfrew PC)

**Institutions:**

Wermann, David E. (Brantford L) for Mr. Dietsch

Wock, Jim (Hastings-Peterborough PC) for Mr. Wiseman

**Business:**

**From the Ministry of Natural Resources:**

Kerrio, Hon. Vincent G., Minister of Natural Resources (Niagara Falls L)

**From the Ministry of the Environment:**

Widley, Hon. James J., Minister of the Environment (St. Catharines L)













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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Thursday, November 24, 1988



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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Published by the Legislative Assembly of Ontario  
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Contents of the proceedings reported in this issue of Hansard appears at the back of the issue together with a list of the members of the committee and other members and witnesses taking part.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, November 24, 1988

The committee met at 3:30 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** The standing committee on resources development will come to order. Of particular interest to those members who were not of the committee when we looked at accidents and fatalities in Ontario mines, the Minister of Labour (Mr. Sorbara) has responded to my report. It was tabled this afternoon. The committee leaders are scheduling a debate in the afternoon on the report and a response to it. That will be coming up in the next couple of weeks. I am pleased to see that.

Notice in a letter from the minister, and I think it was decided by the committee, that Wednesday this week was to be the minister's opening statement and Thursday was to be the opposition's opening statement. The committee had agreed that would be the order of business. Is that correct? I was not sure but that was agreed to. Does that mean, Minister, that you have finished your opening remarks?

**Hon. Mr. Kerrio:** Not at all. I was looking for another session and it was truncated at both ends.

**Mr. Chairman:** So you are asking the committee to disregard the agreement it made unanimously and allow you to finish today.

**Hon. Mr. Kerrio:** Not at all. I am talking about one session, because in the end I think it will work out. Do you not think so?

**Mr. Chairman:** I am sure it will. Why do we not proceed with concluding the minister's statement today.

**Hon. Mr. Kerrio:** I am pleased to have a Minister who is so fair and agreeable on this. I must compliment your replacement.

**Mr. Chairman:** I will pass it on to her.

**Hon. Mr. Kerrio:** Thank you. I want to make sure I say something up front here that is in line with your sort of initiative to see if you would get me to stop right now. The fact is that the House leader pointed out that there was some concern about the length of time that was being taken with the opening statement.

I must say that I am always willing to co-operate with the opposition members, even though in a sense they are asking us to break from that time-honoured tradition where the opening statement was as long as the minister chose. I guess the only sort of difficulty I have with that is that when someone picks up Hansard 50 years from now and reads it, unless I finish, it will be truncated and it will lose a great deal of its impact.

So with your permission and the committee's, I will do exactly what I did late yesterday afternoon and that was speed things up considerably in order to come into a shorter period of time. I think if I were given 35 or 40 minutes, I could complete.

**Mr. Chairman:** Thank you for your remarks. I can see that you have already teased the bear on our left. Mr. Wildman.

**Mr. Wildman:** The minister indicated that there is a time-honoured tradition that the minister takes as long as he or she wishes. I have been here in this place as long as the minister and I know of no such tradition.

The fact is that all members of the opposition, or for that matter the backbench members of the government party, have a certain number of hours to deal with these estimates, and if the first three hours out of a total of 13 are taken by the leadoff by the minister, that, in fact—I think the government House leader agrees—is an abuse. The fact is, I finished reading this 229-page opus—

**Hon. Mr. Kerrio:** Good stuff, eh?

**Mr. Wildman:** There is some good stuff in it. I would say you could have done it in 70 pages at the most. For one thing, just in terms of the number of pages, which is not what I was going to refer to, look at page 173. This is a minister who claims he is interested in conservation. Look at page 125 or 152 or 182.

**Hon. Mr. Kerrio:** I have looked at them all.

**Mr. Wildman:** Anybody who is supposed to be in favour of preserving the trees in northern Ontario would not treat paper this way. But that is another matter.

**Hon. Mr. Kerrio:** We are going to recycle this.



**Mr. Wildman:** I know of two other occasions when we have met this kind of approach. There was one when the late James Auld was minister a number of years ago.

**Hon. Mr. Kerrio:** Bette Stephenson, I think, has the record.

**Mr. Wildman:** He took about that length of time once. Bette Stephenson did once. I just want to remind the minister, as my leader interjected in the House yesterday, the Gettysburg address was 15 minutes; it is far more memorable than this thing.

**Hon. Mr. Kerrio:** I would not say they accomplished that much in the United States of America.

**Mr. Chairman:** Can we get on with the completion of the minister's opening remarks?

**Hon. Mr. Kerrio:** Thank you very much.

**Mr. Wildman:** I think Mr. Pollock has a comment.

**Mr. Pollock:** I just want to put it on the record that I have not been here as long as either of you chaps, but I hope to be here longer than either of you chaps.

**Mr. Dietsch:** God bless you.

**Mr. Pollock:** Thanks.

**Hon. Mr. Kerrio:** To some of us it just seems longer.

**Mr. Pollock:** I hope that you will look at the map of the United States and find out which states border Ontario. Wisconsin does not border Ontario. I just want you to be aware of that. It is in your statement that Wisconsin, Michigan and Minnesota border Ontario.

**Hon. Mr. Kerrio:** Well, we will have to move the state.

**Mr. Pollock:** Okay, you go right ahead.

**Hon. Mr. Kerrio:** Mr. Chairman, I left off at the end of page 163 and down 164 on deer management and I now would like to talk about our moose management.

The 1988 moose hunting season was delayed for a week across mid-October to protect adult bulls during the mating season and to ensure an increase in the herd. I think Mr. Pollock asked that question in the Legislature some time ago for his confrère. The Ministry of Natural Resources target is a doubling of the moose herd in Ontario by the year 2000. Under the selective harvest program introduced in 1983, the herd has already grown from 80,000 to more than 110,000 animals.

By delaying the opening of the season until October 8, we reduce potential overharvesting

that can occur when the hunt coincides with the peak of the rut, a time when the bulls are less cautious. This is important because overharvesting this year can only result in a reduced hunt next year. The tag quotas in each management unit are based on the planned harvest and hunt success rates in the previous year.

In 1987, as a result of concerns raised by hunters, a review of the selective harvest program resulted in some changes in procedure. The tourist industry moose tag allocation system was changed to give outfitters security in planning and marketing moose hunting packages in advance of the season. In addition, tags in surplus after the resident draw were redistributed on a first-call, first-served basis through a toll-free telephone number. Also in the survey, a majority of hunters favoured a return to party hunting for adult moose.

Earlier this fall, I outlined our response in announcing that moose hunters are allowed to hunt co-operatively as members of a party, adult bull and cow moose. I should note that party hunting for calf moose has been permitted since 1986.

In the black bear management, changes governing the hunting of black bear have been introduced as a part of the development of a new black bear management program and must appropriately talk about black bear as big game rather than animals that we would do anything to get rid of.

Licence fees were increased in 1988 and a number of restrictions have been placed on hunting. It is now illegal to hunt cubs or cubs accompanied by adult sows, and hunting is prohibited within 400 metres of a garbage dump. Nonresident hunters must use the services of an Ontario tourist outfitter. In addition, we are moving ahead with measures that will improve the ministry's ability to monitor black bear and eliminate competition among tourist operators.

I have announced that the ministry will establish a system of bear management areas across the province. Among other things, one measure will reduce harvest pressure on the provincial population of black bears. Under the program, active bear-hunting outfitters in each ministry district will be assigned bear management areas to take into account the areas hunted by outfitters traditionally hunt.

Our caribou program: The woodland caribou is probably the least-known big game animal in Ontario hunting. A few thousand caribou spend the summer along the Hudson Bay coast, migrating annually from Manitoba. MNR is conducting

rch on the caribou and is putting radio  
rs on some of them to track their move-  
s. I was told by the minister in Manitoba that  
found one of these radio collars, along with  
aribou, in a freezer and tracked the person  
1.  
biologists are studying the herd near Penn  
d, about 30 kilometres east of the Manitoba  
er. There are also scattered herds north of  
Superior and on the Slate Islands near  
ice Bay. The ministry is trying to reintro-  
caribou to some other islands to increase the  
e of the caribou within our province.

was four years in the making, but the  
ence book *Wild Furbearer Management and  
ervation in North America*, published in  
, was certainly worth the time and effort.  
uced as a joint initiative of the ministry and  
Ontario Trappers Association, this 1,168-  
book is beautifully illustrated and examines  
pects of biology and management of all  
arers on the continent. Many other govern-  
and nongovernment agencies assisted in the  
ction.

was written by 104 experts and checked for  
acy and completeness by 225 leading  
ife authorities. We believe it will become  
remier reference encyclopaedia of its kind in  
n America for naturalists, biologists, stu-  
t, wildlife administrators—in fact, for any-  
who wants the most up-to-date information  
able on wild furbearers and the fur industry.  
mpanion publication called *Furbearer Har-  
in North America 1600-1984* contains  
mation on the annual historical harvest  
s for furbearer species.

y ministry continues its involvement in  
er education and humane trapping, one of  
major discussions at the Canadian Council of  
life Ministers in Saskatoon this year. In  
-88, some 50 fur harvest, fur management  
conservation courses teaching basic-level  
ing were given across the province to more  
800 new trappers. In addition, several  
sand trappers attended one-day workshops.  
fall, the ministry began testing a variety of  
in northern Ontario for humaneness,  
ency and selectivity.

rabies research, the ministry has established  
ernational reputation for its research to  
rol rabies in wildlife. Foxes and skunks are  
two species which spread rabies in Ontario.  
province annually experiences more cases of  
s in animals than any other jurisdiction in  
h America. That is why the Ontario govern-

ment and my ministry place a high priority on  
controlling the problem of rabies.

Several years of careful research are bringing  
us close to a real control program. In 1987, we  
successfully tested a bait and vaccine combina-  
tion which works well in foxes. They refused to  
eat the bait that I tried to give the members on the  
other side.

Machinery to mass produce the bait was  
developed this summer, an excellent program,  
and we are now ready to undertake rabies control  
over several counties in eastern Ontario. We are  
working with the ministries of Health and  
Agriculture and Food and with Agriculture  
Canada to further implement this scientific  
breakthrough in our work to curb the spread of  
rabies among foxes.

Unfortunately, skunks are not protected by the  
present vaccine. The search for a skunk vaccine  
continues. In addition, the ministry research  
team is trying an alternate method to eliminate  
rabies from city habitats, where skunks are the  
major carriers of the disease. In 1987-88, in a  
60-square-kilometre block in Scarborough,  
skunks were trapped and then vaccinated by  
injection. This summer there was not a single  
case of rabies in the Scarborough block.

Environmental monitoring: My ministry is  
engaged in a number of projects to monitor the  
effects that acidic precipitation and the deposi-  
tion of contaminants is having on the health of  
Ontario's natural resources.

My ministry provides support to the Ministry  
of the Environment, which is the lead ministry in  
the government on this issue. We monitor the  
impact of contaminants on forests, fish and  
wildlife. We also support research into the  
sources and pathways of contamination.

In the fisheries acidification program, in  
conjunction with the Environment ministry, we  
have carried out chemical surveys on more than  
2,000 lakes and assessed fish species in 200  
lakes. We are looking into why some fish species  
appear to be more susceptible to the effects of  
acid rain than others.

Air pollution is a relatively new stress on our  
forests, and care must be taken to decipher what  
effects are attributable to pollution and which to  
natural cycles of decline.

The ministry also contributed funds, along  
with other ministries, to a remote sensing project  
on test sites showing forest stress symptoms in  
Europe using an Ontario-designed airborne  
sensor. We are interested in whether the remote  
sensing technique can assess defoliation.



MNR is involved in tracing heavy metal contaminants in wildlife that represent various levels in the food chain, such as American kestrel, waterfowl and black bear. Projects have included a three-year study of eastern kingbirds near Killarney in northeastern Ontario and a study of wood frogs near Sudbury. We are co-operating with university scientists in investigating pathways of cadmium, an element in rocks that can be released by acid rain. Cadmium is put into the atmosphere by zinc smelters, manufacturing processes, fertilizers and pesticides and the burning of fossil fuel.

Based on preliminary investigations of cadmium concentrations in moose and deer organs in 1985 and 1986, the ministry warned hunters in some areas of the province not to eat the kidneys and liver of moose, kidneys of deer and liver from older deer.

There are many other wildlife programs I could talk about today, but I should move on to other issues. I asked the people who prepared some of this material for me to delete about another 25 pages that we could have talked about right here.

My next topic concerns our fisheries resource, which provides Ontario with many benefits. This province can boast some of the best sport fishing anywhere on the continent, providing recreational opportunities for Ontarians and encouraging tourism. I have a 30-pound salmon on my wall to attest to the fact that there are those kinds of opportunities here in this province, in the shadow, in fact, of the CN Tower.

We have long known of the benefits from our fisheries for northern Ontario, and we expect that the north will continue to draw sport fishermen to its fabulous lakes and rivers.

But some of the best news on fisheries lately has been in the Great Lakes in southern Ontario—in the Bay of Quinte, Lake Ontario, west Lake Erie and upper Lake Huron—where there has been a veritable explosion of interest in sport fishing. We have done all this in three years. Can you imagine what is going to happen in 40 years of this kind of initiative?

In an industry which generates some \$1.76 billion annually in expenditures on angling across the province, this trend in sport fishing is excellent economic news indeed.

I also think there is a growing appreciation among the public, and particularly among users of the resource, of the need to manage our fisheries resource wisely to ensure that the benefits to Ontario are lasting.

The enthusiastic reaction of sport fishermen to the introduction of a resident sport fishing licence, I believe, indicative of the willingness of resource users to contribute actively to the ministry's ongoing efforts to maintain and establish fish populations and rehabilitate habitat.

I like to think of it as a user fee rather than some kind of licence. Since the licence was introduced for the 1987 season, we have almost two million licences. Revenues from the sale of the 1987 licence, which ran from November 1986 to March 1988, amounted to \$9.3 million, more than \$1 million higher than we anticipated. Sales of the 1988 licence have been every bit as successful. For the current fiscal year, we have allocations of \$9,318,000 from projected licence revenues.

Since the beginning of the sport fishing licence program, the money from the licence fees has been allocated to approximately 1,000 fish management projects. The funds have allowed us to greatly expand our fisheries management program.

Projects funded under this initiative have included inventory and assessment, which involves investigating fish communities and habitat. Other projects have dealt with population and habitat management, including improvements to spawning areas, stream and river rehabilitation, and construction of fishways and access points.

Revenues also went into fisheries research to improve fish stocks and fish culture to increase production, increase enforcement of fish regulations and public information and educational services and the community fisheries involvement program, which I spoke about 44 pages ago.

The approximate breakdown of allocations is as follows: 26 per cent on the inventory and assessment, 22 per cent on population and habitat management, 15 per cent on enforcement, 11 per cent on public information, community involvement and education, 7 per cent on administrative costs of the licence program and 18 per cent on research, culture and minor capital costs.

Some of the specific projects supported by licence allocations have included: assistance with private and municipal fish hatcheries in Thunder Bay and Sault Ste. Marie; reintroduction of Atlantic salmon in Lake Ontario; habitat and fish population studies throughout the province; stocking of adult walleye and smallmouth bass in lakes throughout northern Ontario to provide new fishing opportunities; an increase in



king of splake and rainbow trout in eastern Ontario; and improvements to spawning sites and improved fish passageways in areas of central and southern Ontario.

In the introduction to these remarks, I mentioned the appointment of Ontario Fisheries Advisory Council under the chairmanship of Dr. Norman Macdonald, the former director of the Royal Ontario Museum, who is originally from Niagara Falls.

This committee has reviewed and will continue to review the use of revenues from the sale of different sport fishing licences. I look forward to the release of the committee's report later this year. The committee has also given me useful advice on proposed new programs and provincial policies dealing with fisheries management.

No discussion of fisheries in Ontario would be complete without addressing the success of our community fisheries involvement program. After six years of operation, the fisheries involvement program is more popular and successful than ever. About \$514,000 was spent on 212 projects in 1987, the highest number in the program's history. This year we are again budgeting more than \$500,000 for the community fisheries program. As of the end of July, more than \$233,000 has been granted to 125 projects. The projects are becoming more varied and more organizations are becoming involved.

In northern Ontario, a number of outfitters are working together to sponsor projects to improve walleye populations and habitat. As every northerner would know, walleye is one of the most difficult fish that we can attempt to reproduce. While it is doing well, it is one that we must protect. More cottages are also catching the spirit of this valuable program. That is very important.

The reintroduction of the Atlantic salmon to Lake Ontario is one of our more exciting projects. This fabulous game fish has been extinct in Ontario for nearly a century. This is a 10-year experiment to re-establish a strain of this historic fish in Lake Ontario. The salmon disappeared from Ontario because of destruction of its habitat caused by development and the building of dams which prevented the salmon from reaching its spawning grounds. With the rehabilitation of many rivers flowing into Lake Ontario, our fishing experts believe that suitable habitat is once again available for Atlantic salmon.

We have imported eggs from the United States and raised them at the Normandale fish hatchery near Simcoe. About 30,000 smolts are being

stocked this year. Over the next five years the ministry will stock 50,000 a year. New York state is also stocking 50,000 Atlantic salmon a year in Lake Ontario. Because we are in a trial period, we are asking anglers to release any Atlantic salmon they may catch in the next few years. I am very optimistic that this reintroduction program will be successful, particularly if we get the co-operation of the anglers.

Our fisheries branch is involved in a great deal of research and rehabilitation work. I will not take the time of this committee to go into any kind of detail. I wish that I could. But I have done that in other program areas. I will just mention a few of the items. We are co-operating with other ministries and governments to help clean up 21 environmental areas of concern on the Great Lakes. These areas were identified by the Great Lakes Water Quality Board of the International Joint Commission. One of our former ministers from the former government, Mr. Welch, now sits on that commission. MNR is part of the remedial action plan teams involved in working on improving water quality in these areas. These teams include government and nongovernment representatives.

We are developing a system for classifying fisheries habitat to ensure that critical areas around the province are identified and protected. The new Harwood fish culture station on Rice Lake near Cobourg was officially opened in 1987. This modern fish hatchery is raising 600,000 lake trout and brown trout. A new facility at the Tarentorus fish culture station near Sault Ste. Marie will greatly increase fish production at the site using the latest in new technology. A visit to those two sites is mandatory for anyone who is interested in what we are doing in this field.

A rehabilitation project for whitefish in Lake Simcoe moved from the pilot stage to a major stocking program in 1987. Commercial fishing contributes about \$130 million to the Ontario economy. As in other resource areas, the ministry is working with the industry to ensure that the fisheries resource is protected and the commercial fishing industry prospers. We are doing our best to promote co-operation between the sport fishing community and the commercial industry. A very important understanding must be developed between these two users of the resource.

A contentious issue between sport fishermen and commercial fishermen has been the size of incidental catch in commercial nets. We have approached this on a lake-by-lake basis to ensure

fairness to all concerned. Commercial fishermen have generally co-operated with us in the monitoring of incidental catch on the Great Lakes. The results of a study of Long Point Bay on Lake Erie indicated that there is room for both commercial and sport fishing. The best small-mouth bass fishing in the province is found at Long Point Bay. Those waters also support a lucrative commercial industry.

Our study showed incidental catch of bass and other nontarget species make up only a very small part, about 2.4 per cent by weight, of the commercial harvest in the area. We are taking steps to reduce the incidental catch in Long Point Bay.

Gill nets have been banned in the inner part of Long Point Bay since the early 1970s. As a show of good faith, commercial fishermen in the Port Dover area have agreed to make some adjustments, such as moving nets one kilometre farther from shore this year to further reduce incidental catch levels.

I am pleased with that kind of co-operation. It shows that the commercial industry in the area recognizes that the fisheries resource must be protected and shared and that the best way to do that is to work together. The ministry will continue to monitor the situation on Long Point Bay.

Major changes in the management of commercial fisheries at the eastern end of Lake Ontario were implemented this year because of problems with incidental catch.

In the 1988 and 1989 fishing seasons, gill nets have been prohibited in the eastern basin from May 1 to June 30, in the North Channel near Kingston from May 1 to August 31 and in an area off Brighton from May 1 to July 31. We felt that much of the incidental catch took place at a particular time and this would help to reduce the incidental catch. These restrictions result from a ministry study which revealed high incidental catches of lake trout and immature walleye and smaller catches of smallmouth bass and other fish.

A number of other changes have been made in the eastern end of Lake Ontario, including an experimental commercial walleye harvest in 1989, using live-capture gear only. There is also a buyout program to respond to those commercial operators who have expressed an interest in selling their businesses to the province. The buyout program will expire on December 15, 1988.

We will continue with our monitoring program in Lake Ontario and the rest of the Great Lakes

and will make decisions based on local conditions and in the interests of the fisheries resource and the people of Ontario.

It was in 1976 that MNR began developing a strategic plan for Ontario fisheries. We pulled together a federal-provincial task force to develop long-term plans for management of the fisheries resource.

We have accomplished a great deal since then through fisheries research, habitat and fishery community rehabilitation programs, monitoring and controls on harvesting and other management initiatives. But a strategy developed more than a decade ago will require some adjustments for the decade ahead.

MNR decided last year to review the strategic plan for fisheries to ensure it will serve us well into the 1990s. Again, we looked to Ontario for advice to help us. We involved other Ontario ministries and the federal Department of Fisheries and Oceans.

Our next step is to review the new strategy with a broad range of interest groups and nongovernmental organizations. More than 200 people have contributed so far to our strategic policy review. The review is still ongoing. I have a few comments I could make.

While the issues facing fisheries managers are not very different from those of a decade ago, there is a change of emphasis and public perception. Our new strategy for the 1990s will have to take into account these and other new developments. As in other areas of resource management at MNR, we will be relying more and more on public involvement and participation. We will be emphasizing openness and communication.

In the parks and recreational areas, I have already talked about the expansion of our park system with the addition of 53 new parks, and our new parks policy that increases protection of wilderness parks and nature reserves. As Chairman, I think you would be very pleased with that initiative, as you told us.

I would also like to tell you about our park revitalization program. Our provincial park system is going to be celebrating its 100th birthday in 1993, and we are already gearing up for the event.

I do not think it is possible to overemphasize the important role our parks play in the lives of Ontarians. Our parks offer a getaway, a natural refuge from the urban lifestyle. In these hard times, this is an escape to be treasured. Our parks provide enjoyment for about 7.5 million visitors every year. That means a fair bit of wear and

our facilities. That is why we have launched a five-year, multimillion-dollar upgrading program.

Many of our most popular parks, such as Pigeonquin, Lake Superior, Sibley, Pinery and Marney, will be getting new and improved facilities as part of our parks revitalization.

DO

In addition to making capital investments, we are always looking for ways to make the parks system more responsive to the needs and demands of users. We involve the public in the development of park management plans, which outline how a park is to be used, protected, developed and managed over the long term.

We use open houses, public meetings, workshops and contacts with organizations such as volunteer, community and environmental groups and associations to solicit comments on parks management. Management plans have been approved for 78 parks. We will be moving ahead with park management planning and broad public consultation for the other 192 parks in the system.

The Ontario Provincial Parks Council, a citizens' advisory group which provides the ministry with advice on parks issues, carried out its own survey of parks services and customer satisfaction last year. We are delighted with the results: 96 per cent of those surveyed pronounced themselves satisfied with parks service. The suggestions for improvements are being taken into account in our upgrading program for our parks.

The council has suggested that we offer the disabled the highest level of accessibility, consistent with our policies on protection for the disabled. The council also feels we should pay particular attention to access for the disabled and elderly to parks near urban areas.

We were moving ahead on improved access well before the council made its suggestions. We remain committed to making changes that improve access for the disabled and the council's suggestions further reinforce the need to enhance the parks system for the disabled and the elderly.

All new visitors centres in parks, such as those being developed for Pinery, Petroglyphs and Pigeonquin parks, will be universally accessible to people with vision, hearing and mobility impairments. Pinery also has a new trail which is accessible to people confined to wheelchairs. In addition, all new capital construction and all retrofitting of existing facilities will meet the new provisions of the building code concerning access for the disabled.

The complete report of the survey conducted by the parks council will be available later this month when the council releases its annual report.

I should also mention that the ministry has conducted a research study on the effect of the changing demographics, including the elderly, in Ontario society on the parks system. We are now looking at implications of the study on future directions for park planning and development.

I take some personal satisfaction in the creation of Canada's 33rd national park, the Bruce Peninsula National Park. My ministry played a key role in negotiations over resource uses in the Bruce Peninsula area which led to the establishment of this new national park. Two provincial parks, Cyprus Lake and Fathom Five, and two provincial nature reserves were amalgamated into the new park, which was officially created last July.

In all, my ministry contributed more than \$8 million in land and assets free of charge to the federal government for this wonderful new park in Ontario. Fathom Five is also the very first park which is a marine park. It seems astonishing that that should happen in the province of Ontario, when so much of the water resources are on the east and west coasts. But such is the case. We can take pride in that.

Members will also be interested to hear that the Mattawa River is the second river in Ontario to be designated a Canadian heritage river. Our first heritage river was the French River. Ontario has also nominated the Missinaibi River, the Bloodvein River and the Boundary Waters-Voyageur Waterway.

Our wetlands strategy, of course, is also a much needed strategy. Throughout this review of my ministry's work, the theme of protection and conservation has been a major one. Our parks and recreational areas protect a number of valuable ecological communities. In fact, under the new parks policy, 80 per cent of the 6.3 million hectares of provincial parkland in Ontario is wilderness or nature reserve class parks, which offer strict protection to the natural environment.

Wetlands are a valuable part of Ontario's natural heritage, and MNR has a comprehensive strategy to secure, research and evaluate wetlands. The importance of swamps and bogs has not been well appreciated in the past—but I thought one of our members today asked a very excellent question on wetlands and in an uninterrupted way I was able to respond—which is why about three quarters of southern Ontario's



wetlands have been lost to land clearance, drainage, filling and shoreline development.

This ministry has developed a wide-ranging strategy on wetlands in recognition of their importance to the environment. Wetlands maintain and improve water quality, help control flooding and provide fish and wildlife habitat. Our wetlands strategy encompasses action on very many fronts, often in co-operation with other interested groups.

My colleague the Minister of Municipal Affairs (Mr. Eakins) and I recently announced details of a draft policy statement on planning for wetlands. This draft policy statement recognizes the ecological, recreational and economic values of provincially significant wetlands and the need to consider that these are values very important to land use planning. It indicates this government's commitment to the protection of valuable wetlands.

The draft policy statement and implementation guidelines will be released for public review next month. There will be a six-month review period to allow time for municipalities and other interested groups to study it.

The final version of the policy statement will be included in section 3 of the Planning Act. It will be an effective tool in making sound land use planning decisions related to wetlands and it will give planning officials a clear mandate to incorporate wetland values in their planning decisions on land use. Beyond this, we are researching the issues involved in protecting certain ecological areas and we plan to consult extensively with the public.

In addition, the ministry recently issued an important report on wetlands. Called Provincially and Regionally Significant Wetlands in Southern Ontario, Interim Report, it lists the biological, hydrological, social and other special features of 152 wetlands. This report will help planning agencies and municipalities plan more effectively and make better land use decisions affecting wetlands.

This is another good example of the co-operative efforts of the ministry. Evaluations were carried out by the ministry, conservation authorities and the Canadian Wildlife Service. Preparation of the report was sponsored by the World Wildlife Fund, with support from the Ontario Federation of Anglers and Hunters. More than 700 wetlands were studied for this report. A second report on other wetlands which have been evaluated will be published when the analysis is complete.

Another important initiative is our conservation land tax reduction program, now established under the Conservation Land Act, which was passed by the Legislature in June. We recently announced details of the tax reduction program which will provide for a property tax rebate of up to 100 per cent for land owners who protect conservation land specified under the act.

In last summer's budget the government announced amendments to the managed forest tax reduction program, which also provides a rebate of 100 per cent of property taxes for the management of private forest lands. This parallels the conservation land tax and farm tax reduction programs.

The lands included under the conservation land tax reduction program will encompass class 1, 2 and 3 wetlands, areas of natural or scientific interest, natural areas within the Niagara Escarpment, non-revenue-producing land owned by conservation authorities and other land owned by nonprofit organizations. This tax reduction program will go a long way towards ensuring that these special areas are secured for the future.

As I have said, many of our initiatives in securing of valuable wetlands are carried out in co-operation with other groups committed, as are, to wetlands protection.

One of these groups is Wildlife Habitat Canada. We are actively pursuing a new agreement with this important conservation group to continue our co-operative efforts to protect wetlands; and as I mentioned a few minutes ago we have signed a new agreement with Ducks Unlimited. This agreement will have an impact on wetlands because wetlands provide habitat for many of Ontario's waterfowl.

I would like to review briefly some of the other initiatives in the area of protecting valuable natural sites.

Three major wildlife areas in Ontario, comprising almost 2.5 million hectares, receive international recognition as protected wetlands and waterfowl habitat in 1987.

The three areas, Polar Bear Provincial Park, Hudson Bay, Point Pelee National Park on Lake Erie and an area containing the Hannah Bay and Moose River migratory bird sanctuaries in southern James Bay, have been designated under the convention on wetlands of international importance, known as the Ramsar convention, which 45 countries, including Canada, have signed. The Ramsar convention, which identifies wetlands in an effort to preserve them

ecological character, has 45 countries, including Canada, as signatories.

A coalition of my ministry, Ducks Unlimited and Wildlife Habitat Canada was able to purchase about 20 per cent of the Wainfleet bog, one of the most notable wetlands in the Niagara Peninsula, in April of this year. The purchase of 1,000 hectares from the Erie Peat Co. cost \$200,000. The purchase secures an area of 1,000 hectares which is virtually untouched and ensures that it will be maintained as a valuable wildlife habitat.

The bog contains a host of significant plant and animal species and was designated as an area of special and scientific interest in 1983. It is home to four important species of butterflies and 15 species of plants, 22 species of reptiles and amphibians, 16 species of birds and 13 species of mammals. The ministry will now proceed to develop a management plan for the bog with the help of the public and the scientific community.

Carolinian Canada is another area of interest. In 1987, I signed a memorandum of understanding with the Minister of Culture and Communications to launch a \$3.6 million, three-year program to protect the unique natural habitat of the Carolinian vegetative zone in southwestern and south-central Ontario. This memorandum formalizes a commitment by the Ontario government to contribute \$1.8 million to protection of 100 sites in the Carolinian area, matching an equal contribution from three natural conservation organizations: the World Wildlife Fund, the Nature Conservancy of Canada and Wildlife Habitat Canada. The provincial funding is administered by the Ontario Heritage Foundation.

The Carolinian zone lies south of a line running from Grand Bend to Toronto, extending along the north shore of Lake Erie from the Detroit River to the Niagara River. The Carolinian Canada program is aimed at conserving 360,000 hectares of natural areas through private stewardship and acquisition. One of the best known and most valuable sites in the Carolinian zone has its own separate but complementary program to protect Carolinian Canada.

It is called the Backus Woods trust fund. The Backus Woods, located south of Simcoe, are regarded as the most significant remnant of Carolinian forest remaining in Canada. It has been owned by the Long Point Region Conservation Authority since the 1950s. The trust fund is administered by the Ontario Heritage Foundation

in co-operation with my ministry and the conservation authority. An agreement for protection of the area was developed by a group called the Backus Group, made up of representatives of the provincial government, scientists, naturalists and the conservation authority.

Last April, I announced that the ministry would make a \$25,000 contribution to the trust to implement a management plan for the forest. The Ontario Heritage Foundation has undertaken to raise \$150,000 for the trust which will be used to pay the cost of managing the area, visitor services, education programs, research and maintenance. There are a number of other interesting projects in this area, but I will forgo the temptation to list them all, even though I have the list here. No, I do not.

One thing which I never lose sight of as a politician is the fact that the money I am spending comes out of the pockets of the taxpayers. Some of these taxpayers are my neighbours and I know how hard they work to earn a living, like most Ontarians. That is why my ministry has been putting increased emphasis on administrative streamlining and efficiency in all programs. We are always on the lookout for legitimate cost savings without sacrificing the need for management control and accountability.

My ministry and the government of Ontario are committed to opening up as many opportunities as possible for the private sector to do business with the province. I have already given an example earlier in my remarks of our new system of competitive bidding for private nurseries growing seedlings for our forest regeneration programs. In cases where we are asking for private tenders, we are actively encouraging former seasonal employees of the Ministry of Natural Resources to bid on new government service contracts. We are also asking successful bidders to hire former MNR seasonal employees wherever possible.

But many of the areas in which we are effecting efficiencies are not in the public's eye and must be taken into account for the fact that MNR is a large, decentralized ministry. They include such areas as consolidation of warehouse space, increased utilization of computer inventories to keep better track of supplies and parts consolidation of financial and administrative functions at the main office, improved management of our fleet of vehicles, cheaper and more efficient communications linkages across the province, better forecasting of purchasing requirements and reducing red tape in internal requisitioning of supplies.



There is another major way in which we are getting value for money. We are putting more effort into human resources management. We are giving our staff more opportunities for training and upgrading their skills. We are concentrating more on staff planning so that we have the right people in the right positions at the right time.

We are working harder at internal communications to let our people know what is expected of them and why. We are improving our performance management systems. We are promoting employment equity. We recognize that our people are the key to the success of everything we do and we want them to know it. At least I can share that with the people from my ministry who are here today, and I know that they will relay that message to other people in our ministry.

Before finishing this section, I have to say I especially appreciate the efforts of my staff over the past year. They dealt professionally with issues like Temagami and the proposed James Auld Waterway. They have adjusted to a whole new approach to managing crown land in order to encourage opportunities for economic development. They have adopted a more open style of government and have learned to deal more closely with the public and accommodate doing business in a different way.

My ministry's forestry staff adjusted well to a major personal upheaval. They left behind familiar surroundings here in Toronto and relocated to Sault Ste. Marie. Many on the Class Environmental Assessment for Timber Management in Ontario are away from home and their families for extended periods of time.

Ministry of Natural Resources staff are doing a tremendous job, and I want to express publicly my personal vote of confidence in their efforts. I know what it takes to remove themselves from their homes to participate such a long way away in a very important undertaking on class environmental assessment.

My concluding remarks will be on the subject of education. I could have put education under any and all of the other resource areas. The Ministry of Natural Resources promotes wildlife education through Project WILD, a program which gives elementary school children information about wildlife and habitat.

Since late 1985, more than 10,000 Ontario teachers and 320 workshop leaders have been trained through Project WILD to conduct workshops for elementary schoolteachers throughout the province.

The workshop leaders consist of two-member teams of MNR staff and school board consul-

ants. We have a forestry awareness campaign to inform the general public about the value of Ontario's forest resources.

We have also developed materials on forest education for teachers of all grades of elementary and secondary schools. The educational materials are for a program called Focus on Forests. The program consists of two resource manuals for teachers with lessons and activities on forest ecology, forest products and forest management on integrated use. Focus on Forests is being tested now by 95 schools across the province. The preliminary response has been extremely positive.

The final version of the program will be available for the next school year.

We have initiated a new fisheries education program aimed at teaching children the value of this resource and the need for wise management. Education packages will be ready for distribution to Ontario schools in the 1989-90 school year.

The funds for the program are coming from the resident sport fishing licence program. I have already mentioned the success of our wildlife education program, Project WILD.

Our parks are filled with educational exhibits and interpretative displays. Our staff put on a myriad of live programs in the woods and by the water every summer.

Our office of recreational boating promotes boating safety training. At the Leslie M. F. Natural Resource Centre in Dorset, more than 11,000 students and adults participate in programs on natural resources, their management and use in 1987.

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As a society, we have taken a long time to appreciate the harsh consequences of development that is not environmentally sound resource use which is wasteful and irresponsible. There have always been individuals testing the destruction of habitat or the loss of species, but up until the last several years, we were mostly talking to ourselves. It is my hope that the tide has turned and that the vast majority of the public is on the side of wise use and management of the natural environment.

I think my ministry's balanced vision for the wise use of our resources is exactly the kind of approach that the majority of people will support. Whether the resources are found in the north or the south, the people of this province expect my ministry and our government to manage those resources well and for the benefit of everyone in the province, now and into the future. Our balanced vision must be focused



ning range of natural resources, from the  
hes of Point Pelee to the lowlands of Hudson  
from the prickly pear cactus to the polar  
from the Carolinian forests to the boreal  
sts. This range makes my ministry extremely  
ing because everything we do has a pro-  
effect on the resources and the people of  
rio.

ve still have a lot of work to do. The Ministry  
Natural Resources is involved in stream  
bilitation, wildlife reintroduction, fish  
king, wetlands protection, forest regenera-  
creation of new parks and many more daily,  
ing programs.

the same time, we must be passing on to our  
lren and grandchildren the importance of the  
ns we have learned about this delicately  
nced ecosystem. When you see a peregrine  
on in flight over the Niagara Peninsula or an  
ntic salmon leaping in Lake Ontario, when  
canoe through the peace of a wilderness park  
camp on a land inlet in trust for all of the  
ole of Ontario, they will appreciate how hard  
e people work to ensure that they can enjoy  
wonders. They will be determined to work  
as hard to ensure that they are never lost.

hat is the end of the opening remarks as  
ed, but I have maybe another half hour of  
ments that I would like to make orally that  
not been touched on in the introductory  
ments, if that is agreeable with the people

**the Acting Chairman (Mr. McGuigan):** I  
k we are waiting with bated breath.

**Ir. Wildman:** It is not agreeable.

**on. Mr. Kerrio:** I made the comment early  
hat I would do everything to expedite these  
ing comments and that I would be very  
sed to hear responses, first in the order of  
ness from the two critics if that is generally  
way it is done.

**the Acting Chairman:** Mr. Wildman had the  
r.

**Ir. Wildman:** I think that is exactly three  
s.

**on. Mr. Kerrio:** Say again?

**Ir. Wildman:** I said I think that is exactly  
e hours.

**Ir. Pollock:** It is over three hours.

**Ir. Wildman:** A little over; yes, a little over  
ally.

**Ir. Dietsch:** I compliment the minister.

**on. Mr. Kerrio:** That is very kind of you.  
nk you very much.

**Mr. Black:** On a point of order, Mr.  
Chairman: Is the minister going to get a chance to  
complete his remarks?

**Hon. Mr. Kerrio:** In keeping with a request  
for a co-operative effort with our opposition  
parties, I have agreed that I would let them go  
ahead now.

**Mr. Wildman:** I say this with sincerity. I  
believe that it is a very important role, if not the  
most important role, of all members of the  
House, whether they be members of the party  
that forms the government or members of the  
opposition parties, to oversee the expenditure of  
public funds. Unfortunately, since the last  
election and even prior to that, we have not had  
the opportunity to survey the estimates of very  
many ministries. Since January 1987 we have not  
had the opportunity to look at the expenditure  
plans and programs of the Ministry of Natural  
Resources.

On a personal note, I found, certainly when I  
was a rookie member, that the estimates process  
was one very helpful or useful way for me as an  
individual member of the House to learn exactly  
what government does, how the ministries work  
and what various programs are available. While  
the minister indicated earlier that he thought  
there was a tradition of lengthy opening state-  
ments by the minister, I will say quite frankly that  
was not the case until the last few years of the  
Davis government, when it became sort of a  
competition among some members of the Treas-  
ury bench to see how long they could take from  
the opposition members' time in estimates.

The Minister of Natural Resources at that  
time, the member for Cochrane South (Mr.  
Pope), was one of the worst culprits. Dr. Bette  
Stephenson was another. I had hoped that one of  
the changes we would have seen with the change  
of government was an end to that sort of approach  
to estimates. Apparently it is not.

Obviously, the purpose of a minister's open-  
ing remarks is to give an overview of the  
operation of his ministry, how the expenditures  
are being made and what the plans of the ministry  
are. It is not to get into every aspect of the  
ministry's operations. That is what the individual  
debates and individual votes are for.

I also know there has been a tendency in the  
past for estimates to get into a free-for-all back  
and forth between the minister and various  
members of the committee so that you spend all  
of the time of the estimates on the first vote. I  
hope that the motion we passed yesterday will  
avoid that here, so that we have an orderly  
process. I remember one particularly offensive

estimates debate where we spent something like 12 hours on the first vote and then we passed the most important votes in this ministry, which are lands and waters and forestry in my view, in a matter of half an hour.

**Hon. Mr. Kerrio:** Mr. Wildman, would you entertain a brief question?

**Mr. Wildman:** Yes, but I do not want to get into an exchange.

**Hon. Mr. Kerrio:** No, no, no; I do not want to do that. In the discussion you just put forward, was it not the case, though, that under vote 1 they went right across the board?

**Mr. Wildman:** Yes, but it was not an orderly discussion of anything. I can understand why members did it. Members of all three political parties were guilty; I was one. The problem was that we knew that there was no control over what was going to be done, so in order to get anything in, when it became his or her opportunity to speak a member raised any matter whether it was actually on the correct vote or not because he or she was afraid that he or she was not going to get back in in time, when and if we ever got to the correct vote.

Having said that, I do not intend to take as long as the minister, but I hope to respond to a number of the matters that he raised. I will just set out for you some of the matters that I want to deal with. I think all of them were dealt with in the minister's opening remarks.

I want to deal with the issue of free trade as it relates to this ministry and to the natural resource industries in the province, particularly in northern Ontario. I want to deal with the ongoing controversy in Temagami and the difficulties that are faced there.

I also want to deal in terms of the pulp and paper and lumber industries, with what I perceive to be a shortage of quality timber. Obviously, I will be dealing also with parks.

I want to deal at some length with Indian land claims. I also want to deal with the need for innovation in our forest operations, particularly the question of best end use of timber, which was raised by the minister. Obviously, I also want to deal with regeneration of our forest resource and with the issue that was raised at the latter part of the minister's remarks about privatization and the number of people the ministry is putting out of work in the north.

I want to also deal with the environmental assessment process, which is—

**Hon. Mr. Kerrio:** I do not want to interrupt you, but privatization does not put people out of work.

**Mr. Wildman:** I wish you knew it did. The problem is that you do not know that it does.

**Hon. Mr. Kerrio:** I do know. It just means someone else is doing the job. That is a description, the way you have put it.

**Mr. Wildman:** Okay. I do not want to get into an exchange, Mr. Chairman. I hope you can control the minister.

**Hon. Mr. Kerrio:** Okay, that is fair; but we are miles apart I just have to—

**Mr. Wildman:** I did interrupt you on occasion in your remarks, but I did not get into lengthy debate with you. I do not appreciate it if you are going to take my time. I will give you an example, and I know my friends from the north who are on this committee can come up with other examples.

There is an individual, and I will mention his name, Ron Nyman, who has worked for the ministry for 18 years in the Blind River district and he is out of work because of privatization. You tell me what I am supposed to say to Ron Nyman when you say it does not put people out of work.

1630

**Hon. Mr. Kerrio:** No. You described the job that was not being done by another human being, and what I am telling you—

**Mr. Wildman:** I do not want to get into an exchange with you.

**Hon. Mr. Kerrio:** You do not have to.

**Mr. Wildman:** I am telling you that it makes me very angry when the minister sits there smugly says there is another person working the job. The fact is this person has worked for 18 years for the ministry, has done a good job, has never been in trouble with the ministry and is out of work because of your program. To say someone else is doing this job is cold comfort to Ron Nyman and his family.

**Hon. Mr. Kerrio:** Well, it is cold comfort to me to remind you that if they are not people support, there is not a job there for them.

**The Acting Chairman (Mr. McGuire):** Would both parties kindly refer to the chair.

**Hon. Mr. Kerrio:** Yes, Mr. Chairman.

**Mr. Wildman:** I am quite happy to refer to the chair. It was not I who started this.

I would hope that a responsible employer would feel that he or she has some responsibility for a good employee. To say that I represent support a particular group of individuals in constituency as opposed to some other group does not think indicates responsibility on the part



employer. I support that individual. I used his name because he said I could use his name. I support him because I know his superiors in the ministry consider him to be a good worker who has contributed to this province and to this ministry. To have the minister, who is his boss, say, "Well, we can throw Ron Nyman out on the garbage heap, but we are employing somebody else."

**Mr. Dietsch:** That is not what he said and you know it. He did not say any such thing.

**Mr. Wildman:** He said there is another job and somebody else is doing that job.

**Mr. Dietsch:** You are adding a lot to it. He did not say anything about throwing anybody out on the garbage heap.

**Mr. Wildman:** The fact is that Ron Nyman has been out of work for a year. His unemployment insurance has just run out. He has no way to support his family, and this minister is saying, "Well, yes, but somebody else is doing his job."

**Mr. Dietsch:** Stick to the story. Get to the estimates.

**Mr. Wildman:** I cannot believe you people are so serious. I am not making this up. The fact is this person is out of the work. I cannot believe it that you say this is not part of the estimates of this ministry, that someone who has worked and done a good job for the ministry for almost 20 years could be forgotten about. Sure, somebody else is doing the work Ron Nyman did; but my question is why should Ron Nyman not be doing it? He is good at it.

I am serious about this.

**Hon. Mr. Kerrio:** That is serious. That is all you are doing it for. That is fair; I accept that.

**Mr. Wildman:** I cannot believe you are that callous.

**Hon. Mr. Kerrio:** That is not callous at all. It is the way you are describing it I object to. You are doing it for a purpose and that is fine.

**The Acting Chairman:** Minister, will you please let the member carry on.

**Mr. Wildman:** If the minister takes that approach, then I guess there is no use even talking about the issue. This is a person who has worked for this government for that long, off and on, every year regularly, and has made a contribution not just to this ministry but to the province. If the minister takes the approach that it is something I am just raising to make political hay, he does not understand it.

It is not just New Democrats, not just Liberals and not just Conservatives, it is people of all

three political persuasions across the north, independent voters, who are concerned about the effects of this program on the small communities in northern Ontario. It does not affect the big communities because there are jobs available in most of those other communities that people can go to if they cannot get work with the Ministry of Natural Resources. But in some of those communities MNR is the biggest employer. People have worked for them for many years and done a good job.

I am not saying to keep a guy on if he has not done a good job, but to say that you encourage private contractors to hire these people is to indicate a misunderstanding of the situation, because these people work for \$11 an hour plus benefits, not for something just above the minimum wage.

**The Acting Chairman:** I think you have made your point. The minister will have an appropriate time to respond—

**Mr. Wildman:** I am going to get back to that later. I was listing the matters I was going to raise in my remarks and I did not finish because I was interrupted. Obviously, I want to raise issues about the fish and wildlife program and to conclude with the wetlands, flood control and shoreline management issues the minister raised. These are all very important issues and I understand the minister sees them as important issues.

I want to say at the outset that I understand the ministry has a difficult job. I do not denigrate that. The fact is that there are competing demands on our resources and all of us in Ontario, particularly those of us from the north, realize that. Various groups or economic interests want to utilize the resources of this province in different ways and in many cases those uses are mutually exclusive. It is not easy for the Ministry of Natural Resources to balance those conflicting demands, and I recognize that. Nevertheless, it is the responsibility of the ministry. The minister has talked about this problem and how he has tried to deal with it.

First, I would like to deal with the effects of the proposed free trade agreement as it relates particularly to the forest industry. The minister mentioned the 15 per cent softwood lumber tax that was imposed. This has had a serious impact on northern Ontario. From the time it was imposed until the end of 1987, it caused a significant loss of jobs. Between 500 and 700 jobs were lost as a direct result of the imposition of this export tax. We can look at communities with sawmills in Longlac, Smooth Rock Falls,



Kapuskasing, Keewatin and Hudson as examples. There was a serious effect on employment in the north.

Of course, the federal Conservative government, in bringing about its free trade initiative with the United States, argued that the purpose was to gain access to the United States market and to set up a dispute settlement mechanism that would resolve conflicts between US industry and Canadian industry. The conflicts led to demands for countervail and antidumping duties, resulting in the problem of cedar shakes which affected British Columbia and the 15 per cent softwood lumber export tax which affected all of the lumbering communities in northern Ontario and across Canada.

I want to compliment the deputy minister on his presentation to the standing committee on finance and economic affairs in his former capacity—I think it was in his former capacity; perhaps it was as Deputy Minister of Natural Resources—on the free trade initiative of the federal government. It was a very comprehensive and well done critique of the effects of the trade proposal on the natural resource industries in Ontario.

I think it is significant, though, when you deal with the softwood lumber export tax, that at the time it was imposed the provincial government said the funds would be used for retraining displaced workers and assisting communities and industries to restructure. It was said this must be used very carefully, and obviously Ontario would have to proceed cautiously because the agreement between Canada and the United States prohibited the direct subsidy of forest industries with revenue from the export tax.

Representatives of the provincial government said that everything in its power would be done to reduce any job loss and economic damage the agreement would cause, that the harm would be minimized. My question, which I hope the minister in his response will be able to expand on, is, what has been done? What has been done in communities like Longlac, Smooth Rock Falls, Kapuskasing, Keewatin or Hudson?

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In 1987, the federal government transferred about \$27.5 million to the Ontario Treasury from the export tax. I contacted the Treasurer (Mr. R. F. Nixon) on a number of occasions to ask what was being done with that money to assist the communities that were adversely affected. In early spring 1988, the Treasurer wrote to me and stated that the provincial Liberal government has not spent one cent on retraining programs.

In my view, that means the Peterson government has broken its promise to use the revenue from the softwood lumber export tax to assist workers and communities dislocated as a result of the imposition of that tax by the federal government. I urge the government to keep its promise to the lumber workers in northern Ontario and to use the revenue, the millions of dollars being collected from this export tax, to help their communities.

Even in communities where they have not experienced layoffs, it has had a devastating effect. I will use Dubreuilville in my riding as an example. The productivity of that community has dropped from about 90 per cent for export to about 70 per cent export as a result of the imposition of the tax. Of course, as we all recognize, if the Canadian dollar was not in the 80 cent range, there would be a far greater impact from the imposition of that tax. As the Canadian dollar rises, as it has over the last few days and that may be a trend, that is going to mean layoffs in northern Ontario.

The free trade agreement, as negotiated by Mr. Reisman with his American counterpart, confirmed the 15 per cent export tax. It did not remove it, as was promised by the Conservatives. It continues. It did not guarantee us a greater access to the US market.

Also, the dispute settlement mechanism is a farce, as far as I can understand it. The fact there will be an international panel that will be able to review the imposition of countervail and antidumping duties when they are proposed, but that panel will only be able to review them in the context of American law.

In my study of this issue, my understanding is that we have not in the past suffered from illegal impositions of countervail by the US authorities. We have never suggested that. The countervail duties that have been threatened or imposed in the past have in fact been in accordance with American law as interpreted by the US agencies. If that continues, all the international panel will be able to do is confirm whether it is in accordance with American law. If it is, which of course it would be, they will continue. This is a very difficult problem.

For any who saw the voting pattern in northern Ontario on Monday, there was a very strong anti-free-trade vote—it was split between the Liberals and New Democrats—because the people of the communities of the north recognize they were sold a bill of goods by the federal government on this free trade agreement.

want to know what the provincial government is doing with the revenue that is accruing from this export tax to assist communities adversely affected. I also want to know what the government intends to do in the future to protect the communities that may be further adversely affected because we did not gain access or there was not a true dispute settlement mechanism.

There has been a lot of controversy in this case over the water transfer policy that the minister (Mr. Peterson) says is one of his approaches to opposing the free trade agreement while protecting Ontario interests. I want to make clear that when the minister dealt with this on page 85 of his opus, he talked about the fact we are amending it so it will in fact prohibit water transfers outside of Canada and indicated this was an important initiative.

Frankly, in the debate on second reading of the bill, our friend Mr. Sterling raised an interesting question that I do not think has been adequately answered. When you are talking about the provincial drainage basin, how can that control transfers of water from the Great Lakes, where Lake Michigan is wholly within United States boundaries and we already know that there are water transfers taking place through Chicago in the Midwest?

Obviously, those other lakes that the international boundary goes through are international waters and are under the jurisdiction of the International Joint Commission, not under the jurisdiction of Ontario. The question is, how do we deal with that and how does this legislation mesh with that? That has never been appropriately and adequately answered, in my view, and it was an important issue raised by Mr. Sterling. Unless it can be answered, then his conclusion, that this type of legislation is simply a public relations operation and the playing of politics, may have some validity.

**Mr. Black:** I want to assure you that is not

**Mr. Wildman:** I do not want hollow assurances. I want to know how this is going to be met with.

It is interesting that in his remarks on page 84 the minister says that the "Legislature has a responsibility to ensure that provincial rights are protected." I agree with that, but I think it is more of provincial rights; it is provincial jobs that are to be protected. That is our responsibility. We cannot shuck it off to the federal government completely, as has been the approach of the premier in the last few days.

It would be interesting—I do not suppose these estimates are the right place—to find out why the government is not acting in an area that is totally within its jurisdiction and legislating plant closure legislation in this jurisdiction, because that is what we are going to face. We have already seen it with Gillette in Quebec and Ontario this morning.

I would like to turn from the free trade controversy and issue to the Temagami controversy. The minister dealt with Temagami on a number of pages in his remarks, in the area of pages 8 and 9. I would say that in my view, this has been a comedy of errors right from beginning to end. Over 100 years ago, the Teme-Augama Anishnabai, the first nation in the Temagami area, began the struggle to control the land they believe belongs to them. Significantly, they never ceded their land in the first place, since they did not sign the Robinson-Huron Treaty of 1850.

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In 1973, after the then provincial government had proposed that the Maple Mountain resort be developed in the middle of the disputed area, the Teme-Augama people obtained a land caution on 110 townships which froze further land development in the area. The problem is that we have been fighting in the courts since and that land caution is still in effect. The current controversy over land use in Temagami has heightened the urgency to resolve the native land claim.

I understand that Chief Potts and the band have said they are prepared to negotiate under fair terms with the government, rather than having to wait for the matter to be resolved in the courts in early 1989, as is currently scheduled. We need a government that is committed to upholding the right of the native people to a negotiated settlement of the land claim. A negotiated resolution would be infinitely preferable, I am sure the minister would agree, to a judicial one.

In dealing with this issue, the Premier and the Attorney General (Mr. Scott) have said that they have made an offer in the past; which is true, they have. But that offer had conditions which the band rejected, and in my view you are not going to get a settlement as long as those conditions are maintained. I certainly do not presume to speak for the band, but that is my understanding from what I have discussed with them. I think it is completely inappropriate for the Attorney General to take the view that he can win it in court. Maybe he can. It is quite possible he might win it in court, but in my view that will not resolve it.



I think it is also completely inappropriate for the government to be considering new forest access roads anywhere in the disputed area without making a commitment to negotiate a final settlement of this land claim. While various groups clamour for their rightful parts of the Temagami pie, I think it is important for the government to remember its responsibility to the first people of this country.

We have the situation that after we got a land claim in the area, there was then the desire of the company to build a road into the area, the Red Squirrel Road. Initially, the government announced an environmental assessment of the Red Squirrel Road, which I welcomed. But then I was more than a little bit surprised to find out that this so-called EA was confined to the right of way. In other words, you are going to have an EA simply on how to build a road, which is more than a little bit silly. Surely an environmental assessment, under the Environmental Assessment Act is designed to deal with all of the ecological and environmental and social impacts of a development, not with whether a right of way is going to cause a particular localized impact.

Then there was a proposal for building another road from another direction into the area, without an environmental assessment. No matter how curtailed the first environmental assessment on the Red Squirrel Road was, to say that we are going to have an environmental assessment on that road but not another road which is being built into the same area made a farce of the whole environmental assessment process.

Also, it is interesting that we found out subsequently that with regard to the environmental assessment, the DeLCan corporation submitted a draft document for the environmental assessment which was significantly different from the one submitted to the Ministry of the Environment by the Ministry of Natural Resources. It was so different that Mr. Teleki indicated that he would not allow his name to be affixed to the document.

It seems to me, though, if you are going to have an environmental assessment on the impact in a certain area, you cannot have it on one road into the area but not on another road.

Of course, because of the competing demands of the Indian band, the tourist outfitters, the environmentalists and the timber companies, the sawmill operators and their employees, the government tried to establish a middle ground and appoint a group that would involve everybody and would try to sort out the issues and

come to some kind of conclusion. So we had Temagami Area Working Group.

It is significant that the Indian band refuse to participate, so you did not have all of the participants involved.

**Mr. Dietsch:** By their choice.

**Mr. Wildman:** Yes, because they did not

**Mr. Dietsch:** That was their choice.

**Mr. Wildman:** I am not defending the Indian position, but my understanding is that the reason they did not participate is that they felt it would compromise their negotiation position on the land claim.

**Mr. Dietsch:** But you cannot find fault with on the other side.

**Mr. Wildman:** Why should I?

**Mr. Dietsch:** If you get an opportunity to participate and you choose not to, what do you expect? Then you criticize on the other side.

**Mr. Wildman:** Obviously, you do not know anything of the history of the Temagami land claim.

**Hon. Mr. Kerrio:** He knows exactly where it is coming from; sorry to interrupt.

**Mr. Wildman:** At any rate, Mr. Daniel was appointed with his committee, which had representatives of the tourist industry, the ecologists or environmentalists, the local townships, municipalities, the logging companies and the labour. They sat on a committee and they worked very hard and they almost came to a consensus almost. But then it all fell apart and there was no consensus.

Frankly, I was not surprised it ended in a deadlock, but I think the minister's comments about on pages 14 and 42 do not quite give the same description of what actually happened that I am given what was actually the case. Mr. Daniel was to submit a report, but it was not even a majority report, much less a unanimous consensus.

**Mr. Dietsch:** Are all reports by unanimous consensus?

**Mr. Wildman:** The whole purpose of the working group was to reach a consensus; that is what the minister said.

**Mr. Dietsch:** But not unanimous consensus?

**The Acting Chairman (Mr. McGuigan):** would remind Mr. Dietsch that when the minister gave his report, he pretty well had the attention of the members.

**Hon. Mr. Kerrio:** No, not really.

**Mr. Dietsch:** It is difficult for me to rest myself when the facts are somewhat twisted.



**Mr. Wildman:** I do not mind the interventions the individual has difficulty restraining himself and controlling himself; I understand.

**Mr. Dietsch:** You would know that feeling.

**Mr. Black:** We can appreciate why you said that.

**Mr. Wildman:** Then the minister announced there would be a road construction into the area, at the time that he and his colleague the Minister of the Environment (Mr. Bradley) made the parks announcement and the indication that in fact they would be proceeding with the road construction. He was not able to make any commitment or guarantee that other roads would not be built in the area and, frankly, it was a backing off from the commitment to the environmental assessment process, which would have looked at the effects on the environment as well as how to preserve local jobs in the protected area.

Of course, the announcement of the construction of the road and that surveyors were going to be going into the area led to the Indian blockade of the road. We now have the situation where it looks as if we are going to return to court on the land claim some time in January 1989. So the road has not been built, the jobs have not been protected and the land claim has not been settled.

100

In my view, we need a new offer from the provincial government to force negotiations which would in fact move ahead to a point where we might indeed get a removal of the objections from the native band and be able to deal in a serious way with the whole issue. None of the tensions in Temagami can be relieved without first addressing the land caution. A negotiated settlement would be infinitely preferable to a judicial examination of the issue; and as I said the government has to withdraw the feature of the so-called final offer if it is going to get anywhere in terms of resolving this claim.

Considering the length of time it has taken for the whole process, the various working groups, the committees and the studies and so on, you could have had a full environmental assessment at the beginning of the whole process and it could be over by now, even if it takes 18 months. A real environmental assessment would not have just dealt with the road corridor itself. They could have had a formal hearing with expert witnesses, which would have defined the size of the wilderness buffer zone around the Lady Evelyn-Smoothwater Park. It would also look at

not only the environmental effects but also the effects on employment levels in the area of whatever buffer zone, and also what roads would be preserved and what roads would be built.

Finally, I think there has to be a reallocation of timber licences in the Temagami area. There certainly has to be in the short term, because in the short term we have William Milne and Sons Ltd. facing bankruptcy, the loss of a \$750,000 provincial loan guarantee and the loss of the jobs, both in the bush and in the mill.

I would really like to know why we have to maintain the historic situation, where local mills are short of timber when Consolidated-Bathurst is cutting east of Highway 11, only 40 miles from Temagami, and hauling logs to the Arnprior area 200 miles away. The Ministry of Natural Resources apparently provided information to the working group chaired by Mr. Daniel to indicate that alternative timber allocations for Liskeard Lumber Ltd. could be made available so that the existing road through the park could be closed within the next few years. MNR should locate alternative timber allocations for William Milne and Sons Ltd. so that the proposed road south of the park would not have to be built.

But certainly in the short term we have got to do something for the Milne lumber company. It is not appropriate for the government simply to say, "There's nothing we can do," which is what the response was when I raised it in the House with the government House leader, Mr. Conway, who I understand has been given the—

**Mr. Dietsch:** What should they have done?

**Mr. Wildman:** I have just told you. I gave you three options.

**Mr. Dietsch:** Which one?

**Mr. Wildman:** I said all three of them would have helped. However, I understand we have Malcolm Rowan, the industrial restructuring commissioner, studying the whole area about what should be done in the long term, and I think that is useful. But in the short term, we have got to do something about the jobs at William Milne.

**Mr. Pollock:** He advised us to buy stock in Suncor.

**Mr. Wildman:** I will leave the Temagami issue now, I do not want to go on at any greater length on that. I want to ask, though, in passing, since we have been dealing with a land claim in this area, if the minister could, in his response, indicate how many outstanding land claims there are in Ontario, how many are currently under negotiation, how many are pending, where these

land claims are, what bands are involved, and if possible an approximation of the areas involved.

For instance, in my area the Mississauga First Nation has issued a land claim and is currently negotiating it. As the minister indicated on pages 140 to 142 in his remarks, his role in the negotiation of land claims and in Indian affairs is being transferred to the native affairs directorate. I would like to know what exactly the ministry's role will be in the future. Since obviously, in resolving most of these claims, we are probably going to involve a transfer of crown lands from the provincial crown to the federal crown, that necessarily involves the Ministry of Natural Resources.

I would like to turn now to the forest industry and what I perceive to be a serious shortage of quality timber in northern Ontario. In my view, we need an ongoing audit agency, which our party has been talking about for some time, to provide province-wide regeneration figures. As Dean Baskerville, about whom the minister spoke, said, "Eternal review is important to the process and should be made a regular feature of forest management in Canada." This would be a change, and I think a very necessary one. As Dean Baskerville indicated, if there was ongoing, external review, that would remove the mask of rationalization which he perceived to be a problem in the ministry itself assessing the availability of timber, the regeneration process and so on.

We have had the Provincial Auditor's report, Dean Baskerville's report and Dr. Rosehart's report, which the minister referred to. I think it is significant that while the minister was correct in his assessment of what Dr. Rosehart said about the forest resources inventory system, Dr. Rosehart also indicated serious problems with that system. He indicated, frankly, that the FRI is in chaos. After all, it is done on a 20-year cycle. It is not ongoing in the sense that Dr. Baskerville was talking about, and there are serious problems with the count.

Contrary to a rosy picture that might be painted of the Rosehart report, the report said some very serious things. For instance, this is a quote from Dr. Baskerville: "The most common abuse of the FRI data involves relying on the data exclusively for operational purposes, something for which the inventory was never intended." It goes on, "It is clear that the Ministry of Natural Resources has a responsibility to ensure that annual operating plans are accompanied by the necessary supplementary information."

Dr. Rosehart's group also said "that the annual amount of timber on the ground, in any given part of Ontario," according to his assessment, "may differ from what the FRI says is there by as much as 20 per cent." Dr. Rosehart's committee recommended that to get useful data on the forest resource inventory, the ministry should spend over three times its current budget on the FRI.

The 1988-89 ministry estimates indicate a FRI budget of only about \$900,000, when Dr. Rosehart's recommendation would have put them spending at \$3.1 million. That is a far cry from the assessment that the FRI is essentially sound and accurate. I think we have to have an end to the calls for the reform of the FRI and we have to really start counting the trees.

As the minister knows, in 1983, our party had a task force on forestry, and we found, in our view, that Ontario's FRI was among the most outdated in the country and was not providing sufficiently reliable data upon which to base forest management decisions. If we do not know what commercially harvestable wood the existing forest contains, it is impossible to make any reasoned forest management decisions. It is like trying to run a warehouse without knowing what is in stock.

We recommended a complete re-evaluation of the FRI then, back in 1983. We called for an on-the-ground audit of the forests in 1985, and as a result of the accord, Dr. Baskerville did his work. It was a very useful process. He reaffirmed this call in his 1986 audit of the ministry's forest management program.

#### 1710

**Mr. Dietsch:** And the minister has implemented the plan.

**Mr. Wildman:** It has not done an on-the-ground audit. There is nothing more basic to sound forest management than knowing how many trees there actually are. We do not at that point.

What are the steps that are needed for improvement? Obviously, we will have to increase the budget. I would like to know by how much we are going to increase it. I would like also to get some dates for completion and what our status is in terms of the response of the government to Dr. Baskerville's report. For instance, where are we on the new forestry policy that was to be completed by October 1988? Where are we on the survey of regenerated forests that was to be completed by December 1988?

As the minister indicated, we did have the Ontario wood supply model last year. Has the



ministry done a major study of the mill demand and the timber supply? If that has been completed, as I think it has or hope it has been, what is the result? What do we know? What are the figures? What is the demand of the current number of mills we have? How does that relate to the timber supply? Can we meet the demand or do we need adjustments?

What I keep hearing from people like Mr. Weldwood and others is that there needs to be a rationalization of the mills. Rationalization is perhaps necessary, but rationalization is in fact a euphemism for plant shutdowns and layoffs. We have had some adjustments. MacMillan Bloedel selling in Thunder Bay, I understand. We are going to see another chemi-thermomechanical pulp mill in that area, I hope.

I think we have serious shortages in the northeast, in places like Hearst and Chapleau. Breuilville could operate at much greater levels than it is now able to because of the timber available. We have had a proposal for a thermomechanical or chemi-thermomechanical pulp mill in Wawa. I appreciate the work the Ministry of Northern Development and Mines and the Ministry of Natural Resources did in that regard. I would like to know the status of that. Do we have people who are prepared to invest, to start using the timber, the chips and so on, so that we get good end use?

In the immediate area of Sault Ste. Marie we are in very serious difficulty. It relates partly to the G. W. Martin mills. G. W. Martin, as you know, has stated flatly that in that area there is a lack of quality timber. They have had layoffs as a result. We have had the announcement by G. W. Martin that they are for sale and Woods Gordon is looking for an investor. The future of the 14 G. W. Martin operations across Ontario, which employ somewhere in the neighbourhood of 300 people, is a real question. G. W. Martin's mills not only in Searchmont and Sault Ste. Marie but also in Harcourt, Mattawa, Alban, Huntsville, Rutherglen, North Bay, Tweed and Belleville.

There has been a great deal of uncertainty caused by Martin's announcement of an intention to sell. Workers feel their jobs are in jeopardy. The question is, will a new owner continue to operate all 14 operations or will some be consolidated? The other related question, of course, is whether there is enough timber available, as well as markets, to have all 14 operations continue? G. W. Martin, after all, is the biggest veneer operation in this province.

In my area, in my view the former Weldwood timber limits, the Weldwood licence in the Searchmont area, must be used to feed the mill operations in Searchmont. That mill should continue to operate at volumes commensurate with the amount of logs that are being taken off that licence.

I am very concerned that G. W. Martin may be considering closures at Searchmont in order to continue feeding the Sault Ste. Marie operation because as I said they say there is a shortage of quality timber for both operations. I think it would be useful to have Malcolm Rowan, the industrial restructuring commissioner, investigate the future viability of the 14 G. W. Martin operations and to determine whether or not the jobs in the various communities involved are in jeopardy and how they might be protected.

In the immediate area of Sault Ste. Marie, to use this as an example as well, Lajambe Forest Products, which has never had crown timber, has mills in Heyden, Garden River and Thessalon as well as in other areas. They are shutting down those operations. Heyden is shut down. Garden River is laying off. Thessalon, unless it gets more timber, is facing layoffs.

Frankly, I think we need a CTMP in Sault Ste. Marie. I think we have to start looking at new ways of using the forest resource. A study by Malcolm Rowan might be useful in determining how that might be brought about, not just in the Sault Ste. Marie area but throughout Ontario.

As Baskerville said, we need to ensure that the province gets the best end use for the timber that is being used. Every northern Ontario member has little operations, small operators who are continually phoning and saying: "I need timber. I am out of timber. I am working on a district cutting licence. I have a third party agreement. I am running out of timber. I am going to have to lay off my workers. I cannot make my payments on my equipment. I face bankruptcy unless I get timber." Every member experiences that. Every Ministry of Natural Resources district office and every unit forester has to deal with that.

If that does not indicate that we are in serious difficulty in supplying the demand for timber, I do not know what does. In my area I have had, just in this last week to give you an example, calls from Garnet Middaugh in Blind River who is a firewood operator—this is not quality timber—who cannot get timber from the Blind River district. I got a call from Jeff Beharriell in the Wharnccliffe area, also in the Blind River district, who supplies sawlogs and cannot get timber.



There is not much private timber available in the north.

I think we really need to find out what is happening and how much timber we have? We then have to be frank and honest with the people in the north and across Ontario to say that perhaps it is because of the backlog of inadequate regeneration over the last 70 years, but we cannot meet the demand and this is what we are going to do to try to improve the situation for the future. Or if we can meet the demand, we should explain how we are going to adjust so that we can.

I know the ministry appointed a group under the chairmanship of Dr. James Kayll of Lakehead University—it involved ministry officials and industry officials—to establish criteria for forest stand allocation, to ensure sawlogs, pulpwood and other quality products would go to appropriate mills. I would like to know what the status of that is. The thing that bothers me about it—I think this is a useful exercise—is that almost inevitably, whenever we establish those groups with industry representation, it is the big guys who are represented. It is the Abitibis, the G. W. Martins and the E. B. Eddys. It is not that guy with a skidder out there who needs timber.

Have we even looked at the uses of waste timber, in northern Ontario waste wood for firewood, in a serious way? Not just in terms of where an individual can go out and get a licence or a permit to cut timber for firewood for himself, I am talking about commercial operators.

**1720**

I want to say, in passing, that I welcome and have in the past publicly welcomed the decision of the ministry to move the forest resources group to Sault Ste. Marie. I understand there is progress being made in that regard and I congratulate the ministry and the minister for that. I visited the group that has come to the Sault and talked to Mr. Isherwood and his colleagues. They are in temporary accommodation but it is adequate. I think it is significant that indeed we do have the forest resources group in an area that is close to the major forestry part of the province.

I would like to move now to regeneration. I would like to have an update on the establishment of a new chair, by the way, at Lakehead University in Thunder Bay, and the northern forest biology centre.

On regeneration, I thought it was significant that when we were recently at the forest industry's breakfast at the Westbury Hotel, E. F. Bowsell, the vice-president of E. B. Eddy Forest Products Ltd., and Mike Innis of Abitibi-Price, both talked about cutbacks in funding for

regeneration. These people are not New Democrats.

They talked about the difficulty arising from funding cutbacks in the forest management agreements, but it was also significant that they did not just talk about that, because some people might say that was just self-serving. I would not accuse them of that, but it could be said. They also talked about cutbacks of regeneration of crown management units. They said that the ministry is, from their point of view, so short of funds it is having to transfer money that would normally be spent on regeneration of crown management units to the forest management agreements, so that even less money is being spent by the ministry on the crown management units.

I apologize that I had to fly to the Sault that day so I was not able to stay for further discussion after those comments were made. I have talked to Mr. Innis since, or my assistant has, and he has stood by his comments. I would like to have some kind of response to that.

I used some figures in the House some time ago which the minister disputed. Reading pages 42 and 44 in the estimates book, in my view the ministry spent about \$52 million less last year than the previous year on silviculture programs in the province. This is total programs—road budget, silviculture and so on. This year's estimate is about \$46 million less than that of two years ago. You have come up a bit from last year but you are still under that of two years ago.

If we are serious about regeneration, I think we have to fulfil our commitments in the forest management agreements to the industry. I am concerned about those kinds of cuts referred to in the comments made by Mr. Bowsell and Mr. Innis. I am also concerned about the five-year review of the forest management agreements that was published by the ministry. I looked at a couple of alarming statements in it.

For one thing, Boise Cascade said: "The company is very concerned about the low numbers of nursery stock currently made available for regeneration programs in the Manitoba and Seine River forests. These forest management agreements currently receive sufficient stock to treat only 20 per cent of the area harvested." It is about half of what is required.

Ontario Paper Co. Ltd. stated, "The company has accepted what it considers as inferior quality planting stock during the first five years because the ministry could not supply additional planting stock as replacement." It is not just me saying it.

Baskerville said, "We need to ensure that budget for silviculture purposes is being spent in a manner to give the best return on investment." That is not just a motherhood statement. It is just practical. I am concerned when you get statements from the industry, from companies like Boise Cascade and Ontario Paper. I would like to turn now, although I have some questions in doing it, to the issue of privatization which we had the exchange about earlier. If you accept the privatization program, and now the minister is committed to it, some of our concerns have been expressed by the Ontario Tree Seedling Growers Association about cutbacks. We have had a cutback of 10 per cent that it has been informed of. We have had comments of Boise Cascade and Ontario Paper. Last year, we had the announcement of a cutback and the dropping of about 3.5 million seedlings.

I know the minister has taken the position that he disagrees with the approach of his predecessor, the member for Cochrane South. Frankly, I do not agree with what was in fact a guaranteed profit approach for the private nurseries, but we do have to supply the stock.

Approximately 55 million trees have been cut out of the forest management agreements in the north central region. The Ministry of Natural Resources projected 37 million would be planted, but that has now been cut back to 34 million. If we have cut down 55 million trees, you plan to plant 37 million, and then you cut that back to 34 million in the north central region.

The ministry told the nurseries to prepare for cutbacks. I admit that the allocation of funds for reforestation now includes tending, free to grow; I agree with that. That is vital for the forest, but we have to provide the seedling stock as well. I do not agree with the approach of your predecessor, the member for Cochrane South, when he was talking about how many trees had been planted. That was not enough. You had to ensure that the trees grew. I agree with that approach but I would like to know specifically how much money was spent on the private nurseries program this year. Also, how much money is spent on the ministry's own nurseries compared to last year? How many seedlings are we producing? How many extra seedlings are the private nurseries producing that the ministry is purchasing?

In my area, there is a well-known tree nursery in the Thessalon area, the Kirkwood nursery, and we have been cutbacks there. There was no tree planting sowing this year. The workers were told

there would only be three or four weeks' work for eight people this year because the sowing had been contracted out to private nurseries. For the community of Thessalon, this means a cut in annual payroll of approximately \$145,000 this year because of contracting out.

You had three contractors. One was local, I admit. I did mention the name of Ron Nyman. He is one example in the Blind River district in terms of tree planting.

### 1730

I attended the forum that was sponsored by the Ontario Public Service Employees Union in Blind River on contracting out. Mr. Lannin, the district manager for Blind River, appeared on behalf of the minister and did a credible job, and I congratulated him for appearing and attempting to put forward the ministry's position in a difficult meeting.

Ministry staff stated at that meeting that it costs about 18 cents a tree to plant under the forest management agreements. They also said it costs about 15 to 16 cents for private contractors to plant for the ministry and about nine cents a tree when the ministry does it itself. I asked in the House if the minister could confirm those figures and he was not able to confirm them.

I hope he has looked into this now and can tell us what the figures are if those figures are not correct. If they are correct, it blows a hole wide open in the argument that you are trying to use your money wisely and efficiently to get as many trees planted for the amount of money you have. If these figures are correct, it costs just a little over half as much per tree for the ministry to do the work itself.

I will talk just briefly about Blind River. I am using that as an example because, frankly, that is an area where we had this really serious problem of private contractors this year. Mr. Lannin admitted at the meeting that of the three contractors they had in the Blind River area, two of them were bad apples.

Before 1985 in the Blind River district, there was no contracting out of tree planting and there were 40 tree planters on staff in the summer. In 1988, 100 per cent of that work has been contracted out by the ministry and there are no local tree planters working. Ron Nyman I use as an example, because he is an extreme example; he has worked for 18 years for the ministry. I would like to know what the ministry says to him and his family, but I would also like to know what the ministry says to the community of Blind River, whose council has passed a resolution in opposition to the contracting out policy of the



ministry, which is losing a payroll of somewhere in the neighbourhood of \$375,000 this year because of the contracting out and the lack of employment of local people. That does not just affect the local workers who are no longer working and their families. It affects the businesses in the community, a community which is not a large community and does not have a lot of alternative employment.

How much money has been spent on replanting in total? How many trees have been replanted? How big an area has been replanted? I just do not see the justification for the privatization program.

One other particular area on which I really object is the use by the ministry of section 38 programs of the Canada Employment and Immigration Commission to do tree planting, because that in my view is a subversion of the section 38 program. Section 38 programs are supposed to be used to assist jobless people on unemployment insurance benefits to get skills training and get back into the workforce.

Section 38 regulations state that such projects must not compete with or duplicate existing jobs. They must not displace the jobs of people who could already be gainfully employed. I point out "could" already be employed. Section 38 projects must not result in the layoff of workers. In this case, using Blind River district as an example, a section 38 program has resulted in the employment of 20 unemployed people to do ministry work and the layoff of 11 ministry employees.

You have not created employment; you have created unemployment with the section 38 program. Frankly, I do not understand why the federal government lets you get away with it. I think it is completely unjustifiable for the federal government to allow the Ministry of Natural Resources or any other agency or any municipality to contract out their employees' jobs to less expensive section 38 workers.

We have seen, obviously, the problems with the privatization bad apples Mr. Lannin talked about in the Blind River district. Rhiza Reforestation Inc. is the worst example. I raised this in the House. You have the contractor with a contract to plant 260,000 trees in the Blind River district. He did not provide washroom or shower facilities. The quality of food was very poor. There were no regulation work boots. Workers were transported back and forth to the worksite in the back of pickup trucks that also were carrying gasoline. The workers were living in tents. I do not

suppose it is so bad to live in tents, but you expect to at least have latrines.

Why did the gentleman who was the president of Rhiza Reforestation Inc. not provide adequate facilities? I suspect it is because he bid so low in order to get the contract. In order to make a profit he could not afford to provide good living and working conditions for his employees.

Of course, then Rhiza did not even pay employees. The minister a few years ago had to bail out some workers who had not been paid under this program. In this case he did not have to, because luckily a Ministry of Labour employee of the employment standards branch got involved of what was happening because of a complaint.

**Mr. Dietsch:** Is he the exception to the rule or are they all the same, in your opinion?

**Mr. Wildman:** I am not at all suggesting they are all the same. I think he is the worst example.

**Mr. Dietsch:** I was sort of gathering that from the way you were dwelling on and on and on.

**Mr. Wildman:** No. I am not suggesting that I am suggesting that you do not have these kinds of problems when the ministry does the work itself.

**Mr. Dietsch:** I see.

**Mr. Wildman:** At least I have never heard of the ministry requiring its workers to live in tents under these conditions. I have never heard of the ministry requiring workers to work in these conditions. I have never heard of the ministry refusing to employ its workers because it did not have enough money left at the end of the year. That is what Rhiza did. They finally did get paid but only because of the intervention of the Ministry of Labour.

**Mr. Dietsch:** But we should not assume that all private industry will be the same.

**Mr. Wildman:** I never suggested that.

**Mr. Dietsch:** I just want to make that clear. I was trying to understand where you were coming from.

**Mr. Wildman:** I suppose you have to live in a small northern community to understand the issue. I get blank stares, I think, from my southern members.

**Mr. Dietsch:** I think that is an interesting comment.

**Mr. Wildman:** To suggest to people who have worked for many years for the ministry that it is okay that they are out of work because somebody else is getting paid to do their job, I think shows a misunderstanding of the issue. It is not a callous approach to how to treat people.

**Mr. Dietsch:** Don't ever be misled that I am only you who understands the north.



**r. Wildman:** It is not just me. If your northern members were here and the northern members of the Conservative Party, other than perhaps the member for Cochrane South, they would understand this too. But then again, he comes from Timmins, not a small community. I would like to deal very briefly with environmental assessment. I will not go on at great length with that. I would like to get an assessment from the ministry of the progress of the EA. This is not a criticism of this ministry; it is a criticism of the whole process. I think it is too expensive. It is a bonanza for lawyers.

I wonder how much the Ministry of Natural Resources is spending on legal fees. I would like to find out. I hope this is not the case, but I wonder if the cost of the EA over this two-year period is leading to a cut in the money for the day-to-day operation of the ministry in regeneration.

I would like to turn briefly to the provincial tourism program. This is also an area where there is contracting out, but thank goodness the contracting out of whole parks has been stopped and they are just contracting out specific services, such as garbage collection and so on.

I understand the problem of the ministry, as I indicated at the beginning, in dealing with multiple use and demands for different uses of our parks. I suggest that it would be very reasonable for the minister to ask the Ontario Provincial Parks Council, to which he referred in his remarks, to hold hearings and make recommendations to his ministry and to him about how to deal with these conflicting demands on the various uses of our parks. I think that would be a very reasonable approach and I would recommend the minister to follow that approach.

The minister also knows that the Northern Ontario Tourist Outfitters Association a couple of years ago made a proposal for so-called tourism management agreements which it said were patterned on the forest management agreements. This proposal was made as part of a process by the Ministry of Tourism and Recreation for developing a northern tourism strategy. It has been in process for a long time now. At the time, the ministry was supposed to report last November. Then the minister indicated that they would report in February on a tourism strategy. That was postponed again to the end of March, and we still have not seen it.

We have been told by some people in the ministry, and certainly NOTOA believes this, that the whole thing is dead and has been buried. I

know this ministry has had some important input into this whole issue because, obviously, the operations of this ministry and of the industries that use our resources impinge on tourism in northern Ontario. The construction of forest access roads and who, if anyone other than the forest industry, will be able to use these roads affects tourism and the industry in the area, particularly if it is a wilderness tourism or fly-in operation with a tourist outfitter in the area.

I do not accept the argument of NOTOA, and I think NOTOA itself thinks that it went too far, in the proposal for a tourism management agreement approach. Obviously, we do have to deal with conflicting demands. Local hunters and anglers are completely opposed to any suggestion that a tourist outfitter should be able to say who can come into an area and who cannot. They argue that since taxpayers' money has been used to build the forest access roads in most cases, the taxpayers should be able to use them.

I admit that the Ministry of Natural Resources, as I said, has a difficult time in balancing all the issues and interests. Legitimately, a tourist outfitter who is paying for a permit for a fly-in operation wants to have his investment protected. The legitimate sport fisherman wants to be able to go in and fish on a lake where he feels that is appropriate. The forest industry needs timber. It is very difficult for the Ministry of Natural Resources to deal with these conflicts, but the MNR has to deal with these conflicts and it cannot foist them off on somebody else.

I would like to know what the role of this ministry has been in the development of a tourism strategy for Ontario, particularly as it relates to the north, and if indeed it is going anywhere or if it is dead.

I would also like to deal with the operation of the ministry with regard to ongoing maintenance of forest access roads, access points and boat launches. I will use the Blind River district as another example. I am not trying to single out the Blind River district; it is just an easy target.

There are 163 forest access roads in the Blind River district. This year the ministry is maintaining six. There are 52 boat launches and access points in the Blind River district. This year none are being maintained by MNR. One of these access roads, by the way, leads to an area where MNR has made cottage lots available over the years, so now that the road is no longer maintained the people cannot get into their cottage lots.

If MNR intends to abandon these forest access roads as it relates to tourism, then who is going to

take them over? The Ministry of Tourism and Recreation cannot do it. They have indicated quite clearly that they do not have any money for that kind of on-line spending. Is the Ministry of Northern Development going to do it? They do not have any on-line money. Certainly the Ministry of Transportation is not going to do forest access roads. Most of them are not up to their standard.

I would really like to know what is happening. The ministry says it cannot afford to maintain these roads and the access points. These access points are very important for tourism. We want to attract tourists to the north. We want people to be able to come to our lakes, launch their boats, go out fishing and enjoy the area; but if you risk wrecking your trailer or your car at an access point because it is not maintained, that is certainly not a good advertisement for tourism.

I would like to move to the comments the minister made about crown land as a development tool. This relates to tourism, obviously. It also relates to providing access to new mining developments in the area. For instance in the Dubreuilville area, we have had new mines opening up in the Dubreuilville-White River area. I understand the ministry has a steering committee involving other ministries, that it is involved in that committee which has been studying the impact of new developments in the area and how the provincial government should respond. It is my understanding that this group has not yet met with any municipalities. Surely you should meet with the municipalities and get their input. I would like to know why they have not met with them.

By the way, I forgot to mention that the ministry also appears to be abandoning waste disposal sites in some areas. In the Sault Ste. Marie district they are not maintaining waste disposal sites in the same way they have in the past. That is not very good for the conservation of the ecology. If people start getting frustrated and dump garbage out in the bush somewhere because there is not a landfill site available or it is not open, we are going to have serious problems.

I would like to move now to the other area that affects tourism and that is the fishing licences which the ministry mentioned. My understanding is that the ministry had a fisheries program before the fishing licences. You spent somewhere in the neighbourhood of \$30 million. Is that right or wrong?

**Hon. Mr. Kerrio:** Yes, \$30 million.

**Mr. Wildman:** You have supplied me with a lot of information and answered questions in the

House and it is useful. I would really like to know if this money which has been spent on all of the projects, the community fisheries involvement program and so on, is in addition to the \$30 million. In other words, are you spending \$60 million plus?

The minister mentioned the Sault Ste. Marie hatchery, which I think is significant, because the ministry did provide capital assistance for development of that hatchery to get it going, built it off the ground. Then the ministry developed a draft fisheries management plan for 1988-2000. In that draft the ministry stated, "the ministry would continue to co-operate with the city"—of Sault Ste. Marie—"and encourage fisheries management efforts through the CIP program including its municipal hatchery stocking program."

But then, when the city went to the minister and asked for assistance from CFIP for ongoing operating funds for at least the first five years, he was told that municipalities are not eligible. The minister has said in correspondence with me that the ministry informed the city of that. That could hardly be the case, because his own ministerial officials were not aware of that or they would have written that in their draft plan.

One thing that I noticed was missing throughout the discussion of the fisheries program was any discussion of the Indian fishing agreements which are supposedly being negotiated. I thought in such an extensive and in-depth leadoff the minister would not have missed anything. I would like to know how it is he missed them.

1750

**Hon. Mr. Kerrio:** You better make up your mind. I was ready to go on—

**Mr. Wildman:** I could not believe it. I said, "My God, 229 pages and he missed something." What is happening with the Indian fishing agreement? Are regional agreements being negotiated? What regions are under negotiation now? What is the status of the negotiations?

I also support the effort to hire more conservation officers, although, as the minister knows, I do not like the idea of using revenue from fishing licences for doing that since COs do not just deal with fishing regulations; they also deal with hunting and other land use issues and so on. I would like to know how many new COs have been hired and how much of the revenues from the fishing licences have gone towards that.

I welcome the changes in the moose hunting system, the party licence for adult cows and bulls. I understand there is a committee studying further changes to what I like to call "Moose



o," the moose lottery. I would like to know what the status is of that process and when we can find out what further changes there will be to those management and the moose lottery.

I realize that there were amendments introduced to the Game and Fish Act and the minister dealt with that. I will not go on at length about it; the bear management plan, as well; and I would like to get some further information about the premium and what is being done with that.

If the minister is going to reintroduce extensive changes to the Game and Fish Act, it will take some time. He talked about the difficulty of patching something, that maybe you have to rework the whole thing. Would it not be possible to just either support my bill, or if not, introduce a similar bill which would just require hunter licence so that we could deal with just that? It would pass the House very quickly, as the minister knows. It is not a complicated thing and is supported by the hunters, the tourist industry and the ministry. I do not see why we cannot just pass that as an amendment and then incorporate it later on if you bring in a full overhaul of the Game and Fish Act.

With regard to wetlands, I understand the draft policy statement is being translated into French. Does the minister know when that process will be completed and when we will see it? Is it going to be next month, or what is happening? I am concerned that the draft plan may in fact just protect classes 1 and 2 and not class 3 as well. As the minister knows, a total of 70 per cent of all Ontario's wetlands and 90 per cent of the wetlands in southwestern Ontario have been lost. We have to protect the wetlands to ensure a habitat for waterfowl, fish and other animals in wetlands.

I would also like to know what criteria relevant to the north are being developed as part of the wetlands policy, because the wetlands policy, as far as I can see, is mainly designed for southern Ontario where the problem is a crisis, but we have to protect wetlands in the north as well. My understanding from the discussion at the Ryerson Conference by Mr. Simkin was that he seemed to indicate there was not a high priority with the ministry for northern criteria. I would hope that is not the case.

In regard to flooding, I appreciate the remarks that were made by the minister with regard to studies on areas like the Goulais River. What projects are being considered with regard to overcraft for ice breaking in that particular area, co-operation with the Canadian Coast Guard? I agree that we need a long-term program which

will include a new policy for shoreline management, that there has to be additional funding through low-interest loans and that there has to be a policy statement with regard to shorelines and floodplains in the Planning Act.

The minister has introduced changes to the Conservation Authorities Act which will, as he said, lower the number of conservation authorities and lower the representation on the conservation authorities. I support the effort to make the conservation authorities more efficient and more standardized. I am a little concerned, though, that we might imperil the representation of smaller municipalities on the conservation authorities. The small municipalities might feel dominated by larger municipalities in the area. I would like to know how that is going to be dealt with.

Finally, we have waited a long time for the changes to the Pits and Quarries Control Act. I would like to know what is happening with the new Aggregates Resources Act. I would like to know when we can expect to have it, when we can act on it and how we are going to see the changes in it. I also would like to know if it is going to apply to northern Ontario as well as southern Ontario and Sudbury, Sault Ste. Marie and Thunder Bay, which are the only areas now covered by the Pits and Quarries Control Act, which are designated by it.

**Hon. Mr. Kerrio:** I could use your co-operation to get some of these bills through.

**Mr. Wildman:** In response to the comment by the minister, I think it was demonstrated by all three political parties last week that when there are bills that are important and desired by all three political parties, accommodations can be made. In that regard, we passed five agricultural bills in two days last week because the House leaders made an agreement to set aside controversial legislation.

**Hon. Mr. Kerrio:** Just reaching for an analogy: you are the Senate.

**Mr. Wildman:** I am the Senate?

**Hon. Mr. Kerrio:** Yes; if you do not want something to go through, you will stop it.

**Mr. Wildman:** I see. At any rate, there is a large, long list of legislation on the order paper, and if there is legislation the minister would like to proceed with now, he should make that known to us and to the Conservative Party. If we can make accommodations for the agricultural bills, there probably are ways we could make accommodations for some of the MNR bills, if that can be done.



**Hon. Mr. Kerrio:** Fair enough.

**Mr. Wildman:** At any rate, I appreciate the time, Mr. Chairman. I hope the minister can answer the questions. I hope the minister does not see me as being wholly negative. I have attempted to look at this situation from a balanced standpoint. There are some serious differences we have, but we agree on the essential issue: that we have to manage the resources wisely for the benefit not only of ourselves but of future generations.

**Mr. Chairman:** It is my understanding that Mr. Pollock was going to respond with his leadoff next, then the minister would respond to both opposition critics.

**Mr. Pollock:** Yes, that is my understanding.

**Mr. Dietsch:** Do not forget we want response to our questions too.

**Mr. Chairman:** But first Mr. Pollock must give his leadoff, then the minister will respond to the two opposition critics.

**Mr. Dietsch:** And we will have a chance to respond.

**Mr. Chairman:** That is correct. Then we will proceed with that on Monday afternoon, Mr. Pollock?

**Mr. Pollock:** Yes.

The committee adjourned at 5:58.p.m.

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Thursday, November 24, 1988

**Estimates, Ministry of Natural Resources****Opening statements**

Hon. Mr. Kerrio ..... R-443

Mr. Wildman ..... R-453

**Adjournment** ..... R-468**STANDING COMMITTEE ON RESOURCES DEVELOPMENT****Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Buck, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Datsch, Michael M. (St. Catharines-Brock L)

Ger, Ruth A. (Etobicoke-Lakeshore NDP)

Hurland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Sner, Norah (Durham West L)

Tham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Flock, Jim (Hastings-Peterborough PC) for Mr. Wiseman

**Clark:** Mellor, Lynn**Witness:****From the Ministry of Natural Resources:**

Kerrio, Hon. Vincent G., Minister of Natural Resources (Niagara Falls L)











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No. R-19

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Monday, November 28, 1988



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, November 28, 1988

The committee met at 3:21 p.m. in committee room 1.

After other business:

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### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** I think when we adjourned last Thursday Mr. Pollock was about to commence his remarks.

**Mr. Pollock:** I am pleased to be able to take part in the estimates of the Ministry of Natural Resources. There are a few things that I certainly want to put on the record and maybe I will have some questions for the minister too.

I am certainly concerned about the fact that I understand your budget has been flat-lined. That means of course that your budget is not keeping pace with inflation. I feel that you have a very important ministry and that it should keep in pace with inflation.

It is my understanding that your firefighting budget was cut \$10 million this year, but because of the grave fire situations that we encountered this summer you had to inject over \$57 million more into your particular firefighting budget. I know these extreme fire conditions come up at different times and that we should be prepared to handle fires.

I have heard comments that you are endeavouring to cut your firefighting crews from six to three. That is fine. I am not prepared to say whether that is a good move or a bad move. If you cut them from six to three, let's hope in the long run you come up with just as many firemen, because as you and I know, it is actually extremely important to protect our forests.

Also, I have heard a rumour that you are endeavouring to get rid of two of our water bombers. I understand that these water bombers are very effective when a fire first breaks out. Maybe it is a situation that you are intending to replace them with new and more modern water bombers. If that is correct, so be it, because, as I say, it is a major concern of mine to protect our forests.

In your opening remarks you mentioned the fact that over 70 per cent of our forest fires were actually started through carelessness or by man.

Let's hope that we can get a handle on that. I just wonder whether—maybe in your reply to my comments—anybody has ever been charged with carelessness in starting a forest fire.

We know for a fact that Kenora 14, the major forest fire that took place back in I believe it was May, actually started from a garbage dump on a Saturday night. In eastern Ontario and, I imagine, all through Ontario garbage dumps have a habit of going on fire, sometimes because they are deliberately set, sometimes through accidents or carelessness. I do not believe that there should be garbage dumps close to the forests so that, if they do go on fire, the fire can actually spread into the forests. It just makes common sense to not have that situation, because if somebody deliberately throws a lighted cigarette in there it is away.

I was concerned about this particular fire, Kenora 14. Just looking at the map, and I am sure that you would not have a map right in front of you, this fire started from a garbage dump and then moved north by northwest to a point. By your own comments, that in today's world you can study these fires, monitor their progress by infrared pictures at night, you can pretty well tell where that fire is going to be at a certain time, maybe the next day, and even at what speed it is moving along.

Now on this map, and this was a map that was in the Toronto Star, it looks as though this fire went north up to a place called Ottermere and it narrows in there. I understand that there is a railroad which goes across there and a road. If there was ever a chance to cut off that fire, it would be there. Maybe every last thing which could have been done was done to stop that fire. I do not know. It may be a waste of time for me to sit here and talk about it because I do not have any information at my disposal to question that.

My request to you would be that I would like to set aside some day on committee and have the head fireman for that area come down and explain to this committee what took place there, whether everything that could be done was done. I would also like to have an independent person study the situation and make a report and see what his comments are.

Maybe you will not agree with it. I would prefer that you actually give me this answer in

writing, or at the end of committee hearings give it some thought. If you prefer not to do that, fine and dandy. But I think it could be beneficial for saving some of our forests and possibly preventing other forest fires from getting out of hand, because if that particular fire had been cut off at Ottermere, it would only have had half the impact it did.

I have had the privilege of flying over the area that was burned out by Red 7. That was the fire that took place back in 1986. It is my understanding that that area is larger than the city of Toronto and was basically prime timber.

There are some of my concerns as far as forest fires are concerned. I hope that you will give them some thought and that we can have some good discussion on what can be done to prevent forest fires in the future.

When you came here the other day, you mentioned that possibly we would be discussing the Madawaska highlands regional trust. I would not mind talking about that for a minute. I know your position on it and I certainly have stated, most emphatically, that I am opposed to it. I have talked to some of your staff and they have told me they have received a tremendous amount of mail on it. I know I have received more mail in regard to this Madawaska trust park they are proposing than I have on any other given subject since I was elected a member.

I can appreciate what the hunters and the fishermen and the local people there are concerned about. It is their livelihood; it is their way of life. It is a concern to me.

I might just mention the fact that I was at a meeting back at Northbrook one night. Not only was I there, but the federal member for that area and your member, Mr. South, were there and some people from the Ontario Federation of Anglers and Hunters. They called on us all to make some comments.

I said I was totally opposed to this but I was a little surprised when your member got up and was a little iffy. I guess he was being a good politician. He did not say whether he was opposed to it or for it.

**Mr. Wildman:** Maybe he did not know.

**Mr. Pollock:** That might have been. Anyway, one other fellow picked it up too. When it came to the question and answers, he put him right on the spot and asked him what his position on it was. Once again, he seemed to be a little leery. He gave a lot of people the uneasy feeling that there was maybe more to this than what we originally suspected.

You have said loud and clear that this private concern, that pushing this Madaw regional park is the Canadian Parks and Wilderness Society and that you are not going to along with it. I can appreciate that, but you not going to be the minister for ever and I am going to be the critic for ever.

**Mr. Wildman:** I certainly hope not.

**Hon. Mr. Kerrio:** That is a hell of a run that is going around.

**Mr. Pollock:** You better go down and climb with the office on the second floor.

Anyway, I think that concern is still out there and I appreciate that concern. I have presented a petition to this Legislature with over 100 names on it, asking that no legislation be placed until there is a full debate in the Legislature and committee hearings actually held in affected areas.

I think that is enough said about that. I think it should be left up to the Ministry of Natural Resources biologists to make the decision as to whether we have hunting and fishing in the area, but they actually should not be political decisions. So that is certainly a concern of mine.

One other thing: We have some of the best provincial parks in the world and they are very well maintained, but I have heard complaints from people that you can telephone and reserve a campsite in a provincial park and put any money down. You do not have to show up, yet they will hold that campsite for you. I have letters from people claiming that.

I have also talked to people who were at Killarney Provincial Park and had reserved a campsite for one week. They knew a couple who had reserved for two weeks, so they decided they wanted to stay for that second week. They went to the chief camper and he said that it could not be arranged, that he did not have any campsites. So they left. But the other people who were there, these friends of theirs, showed up around the next week and counted 60 vacant campsites. Nobody was using them.

**Mr. Wildman:** They were all reserved by Mike Brown.

**Mr. Pollock:** I would certainly ask the minister to explain that. I do not know why that kind of situation exists. It does not make a whole lot of sense to me. I would prefer an explanation on that. After all, if we have these public campsites, we do not have a lot of time actually to spend in camps, because after all our time here in Ontario is reasonably short and to have a whole lot of these locked up in that partic-



anner, as I say, just does not make a whole lot sense.

I want to mention too another situation I am sure you are most familiar with because I understand a delegation was in to see you about this, and that is Ferris Provincial Park just outside the town of Campbellford. I have been told that the gates on that provincial park are closed about 90 per cent of the time and that the people actually wants to take it over, have some control and see that that provincial park is used. They feel that there could be some tourist dollars coming into their town.

There should be also some funding flowing from the ministry to help them out, because it would not be totally right—a situation exists in Brighton where they are right beside Presqu'île Provincial Park; the ministry funds that completely and does an excellent job there. So why shouldn't the people from the Campbellford area of the village of Campbellford get the same kind of deal? In your response, I would like you to just touch on that. I am sure there are situations like this that exist all over the province of Ontario. These are some of my concerns about provincial parks.

Another situation that I am sure you are very familiar with is about a program we used to have back in the early 1980s for buying out gill nets; it was in place in the eastern part of Lake Ontario. It worked extremely well. Certain commercial fisherman took advantage of it. We know that there are a lot of losses from gill nets because if they do not check them regularly, these fish get in there and they die and they are lost.

I have sat at dinners and heard people complain about the amount of dead fish that result from these gills nets. Any assistance that your particular ministry can give to have a buyout program, help these commercial fishermen convert from gill nets to trap nets and save some of these losses, would certainly be appreciated.

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I am sure that you have read my news release hoping that you would extend this buyout program right across all the Great Lakes, particularly starting with Lake Huron. I believe that there is room for both the commercial fisherman and also the sport fisherman. We know that aquaculture is expanding extremely fast here in Ontario. In fact, I have heard that we are actually selling fish to the Maritimes now because of some of our fish farms.

Any assistance that your particular ministry could give to those people who get involved in

aquaculture to eventually do away with gill netting would certainly be appreciated. I point out the fact that every state in the United States has actually banned gill nets. It almost appears that time is starting to run out for us to get on board, ban gill nets, convert to trap nets and have fish farming and that sort of thing.

I listened to your comments about reforestation. I know this has been an extremely tough year because I have heard from some conservation authorities that 70 per cent of the trees died this year because of the dry weather. We actually would have to take a hard look at that and step up our reforestation.

**Hon. Mr. Kerrio:** Are you talking about the plantings?

**Mr. Pollock:** Yes, because of the dry summer, and that is in certain areas. Let's face it, it was an extremely dry year right across the province, so that might well be a fair statement.

In your remarks you mentioned the supertree. I would be a little bit cautious about that. I think that you should go along with progress and try to develop better stands of trees. I had the privilege of being in New Zealand. They imported the Douglas fir from British Columbia and the United States. They found out when they got the Douglas fir over there that it would grow 25 per cent faster than it would grow in BC or in the US. But when they reached the finished product, all it was good for was pulp. It was too porous. It grew so fast that it was no good for lumber.

Therefore, I just caution you to be a little on guard about this supertree that you were talking about in your remarks, because it just might not pan out to be the supertree that you hope for. That is one of the problems that they have run into in New Zealand anyway.

I had a group of beekeepers who commented that they tried to get basswood from your ministry. Apparently none of your ministry's forestry divisions have basswood seedlings for sale. They were concerned about that. I am surprised about this because I am well aware that, as far as I am concerned, basswood is almost classified as a weed because it is very hard to get out of your fence lines and that sort of thing.

But the beekeepers actually want basswood because it blossoms early in the spring and the bees can start working on it before anything else blossoms. Apparently, because of the basswood blossoms, they get a whiter honey. That is something you might want to touch base on.

**Hon. Mr. Kerrio:** The carvers, the carving people, put a high value on it. It is a very

nondirectional grain. Much of it is in demand for carving.

**Mr. Pollock:** Sure, but they want the seedlings. They want to be able to plant, say, half an acre of rough land of basswood just so their bees can have a place to work in. They seemed to think it was hard to get started, which surprises me because of the fact it is hard to get rid of if you have it in fence lines.

I would like to talk a minute about Bill 175, An Act respecting transfers of Water. That has to be a joke. You know and I know that the Great Lakes are international water bodies and there has been an act in place ever since 1909 involving the government of Canada and of the United States. For you to have come out with an act like this I think was purely a political move before the federal election.

**Hon. Mr. Kerrio:** Perish the thought.

**Mr. Pollock:** I do not like to be too rude.

**Hon. Mr. Kerrio:** I have been accused of many things.

**Mr. Pollock:** You have simply got to call a spade a spade.

**Mr. Dietsch:** Come on; you were doing really well.

**Mr. Pollock:** This is kind of ridiculous, really. I do not know what you are trying to get at because the Americans can transfer water on their side if they really want to if you do not have any agreement with them. I cannot think they are going to listen to many of your comments. I know there is all kinds of water being pumped out of the Great Lakes by irrigation pumps. They pump as much as 12,000 to 15,000 gallons an hour. If you get enough of them pumping, it can affect the water level of the Great Lakes. They are not pumping at this time of the year, needless to say, but it certainly can be a problem in the summertime or in a dry time of year.

If this act is supposed to regulate that, I do not believe it is going to have any affect at all. For instance, for every person on our side of the Great Lakes, there are two, three or more on the American side. Therefore, if our Canadian or Ontario people are being told not to pump water out of the Great Lakes and the Americans are continuing to pump it out, that is going to cause a major problem.

I can assure the minister and everybody here that as time moves on, it will be one thing that might well have to be addressed. As far as your bill is concerned, I really do not think it was much more than political grandstanding. I hope you do not mind my saying that.

**Hon. Mr. Kerrio:** Not at all.

**Mr. Dietsch:** We know you do not mean it.

**Mr. Pollock:** I certainly do mean it.

**Mr. Dietsch:** We know you are only saying that for the political value.

**Mr. Pollock:** I have another bill here, Bill 176, An Act to establish the East/Central Ontario Recreational Trails Commission. I want to thank you for having taken the time out of your busy schedule to come down, last June I believe it was, to actually join me in flying over the abandoned railroad to take a look at it. I am sure you will agree with me that 90 per cent of the abandoned railroad line runs through extremely rough terrain. We could not have picked a better day to take a look at it; the weather was excellent.

There is no question in my mind that the abandoned railroad line, if it were turned into a recreation trail, would help employment in an area where unemployment is fairly high. When I introduced this bill, I believe the member for Essex-Kent (Mr. McGuigan), who was my parliamentary assistant, actually got up and spoke in favour of the Ministry of Natural Resources, and if anybody were to take over the abandoned railroad, it should be the Ministry of Natural Resources.

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I do not have a big hangup whether you prefer my bill or the Ministry of Natural Resources or the Ministry of Tourism and Recreation take over as long as some particular ministry takes over.

It just seems halfway sensible that it should be some provincial ministry, because after all, the province actually gets most of the revenue from it. It gets revenue from the sales tax on snowmobiles and all-terrain vehicles. It also gets a gasoline tax from the fuel burned by the vehicles and it gets a registration fee from the vehicles. I have heard people tell me that in, say, February, that abandoned railroad line gets a tremendous amount of use. I think time is moving on. Somewhere, either you or some other ministry should take a position on it and let them know.

There is a possibility that the county of Hastings might wish to take it over, but I cannot speak for the county of Hastings. I know it is supportive that it be a recreation trail. I am sure you are aware of that too. I just want some action. Time is moving on. One of these times we are going to hear from CN Real Estate saying: "We have so long; if you are not going to take it we are going to sell it to somebody else." If it goes back



the private individuals along there, the trail will be actually lost. I think that would be a mistake.

Now Quebec and Nova Scotia are involved with abandoned railroads and the state of Massachusetts has set aside \$3 million to update and maintain some of these abandoned railroads. I would like to know what your ministry is going to do about this particular abandoned railroad and if I have had people ask me and I said: Estimates are coming up before too long. I will discuss it with the minister again." I think it is time to make a decision. We cannot sit on the fence forever. We have to make a decision one way or another. That is my position on it.

I wanted the standing committee on resources development to go to Bancroft in the summer to meet with people and hear what they have to say about this abandoned railroad line. Of course, because of restraint and that sort of thing, that was not scheduled. This bill was actually slated to go to the standing committee on resources development and we have not really got it in front of that committee as of yet.

When it comes time for your response, maybe I could comment briefly on that and give me your views on what you propose to do with that abandoned railroad line known as the Marmora Division.

There is also a major concern in my area over the Bugar report and how you propose to phase out some of the conservation authorities. It is the general feeling in these municipalities that if you phase them out, nothing will be gained. They do not believe their costs would go down. Eventually, their costs would actually go up because there would be more bureaucracy to deal with.

**Hon. Mr. Kerrio:** I do not want to interrupt you but just on that one issue I want to make you absolutely certain that we do not talk about it as a phasing out. We are talking about amalgamating some conservation authorities in a given area, but not simply phasing them out. I will deal with the details later, but I do not want people to misunderstand that.

**Mr. Pollock:** Yes. I think we are just talking about those two. The two there are the same thing. As I say, they are basically concerned about being amalgamated and eventually being phased out as the Crowe Valley Conservation Authority.

**Hon. Mr. Kerrio:** Fair enough.

**Mr. Pollock:** They would be one big authority. There is quite a tremendous amount of work done by some of these conservation authorities and I think it would be a mistake to phase them out.

There would be quite a distance for members, say from North Hastings, to have to travel down to maybe Belleville, Trenton or wherever to attend meetings. Those are their concerns, and basically those are my own concerns too in regard to conservation authorities.

**Hon. Mr. Kerrio:** We will have our friend Bob Bugar explain that to you, maybe in the next session.

**Mr. Pollock:** I understand he is actually going to come down and speak in one of those areas.

**Hon. Mr. Kerrio:** He nodded yes. There you have another commitment.

**Mr. Pollock:** One other thing: We have a situation on Highway 28 where I have noticed the sign, "Beware of deer crossing the highway." One day I came down there and they even have a flashing light there to warn people.

**Mr. Wildman:** Was a deer crossing?

**Mr. Pollock:** No.

**Hon. Mr. Kerrio:** Was there a button?

**Mr. Pollock:** No, it flashes all the time. I thought: "What the heck? Is this a real problem here?" I called an Ontario Provincial Police officer in Apsley, and he said between 35 to 45 per cent of the accidents that happen in the Apsley area are people hitting deer. In talking to this policeman, he said that in Alberta, in one particular place where this situation exists, they actually had an overpass so deer could cross under without going on the highway.

I do not expect you to rush out and build an overpass or an underpass tomorrow, but I wonder if your ministry would actually look into it and make a report on it. After all, that would be a major concern, and sure the day might well come where there is loss of life. Usually you do not have loss of life with somebody hitting a deer, but you usually get your car banged up. I really believe that an overpass there could help to save a lot of accidents.

**Mr. Dietsch:** Would that be for deer only?

**Mr. Pollock:** I do not know. Maybe the odd moose might want to walk across it.

**Mr. Tatham:** We have a duck crossing down in our area.

**Mr. Chairman:** They are your friends, minister. Go ahead, Mr. Pollock.

**Mr. Pollock:** There are just a few other things I would like to put on the record. I understand your ministry is contracting to install an irrigation system on the Turkey Point Provincial Park golf course. Is that right?



**Hon. Mr. Kerrio:** Mr. MacDonald, that is your section.

**Mr. MacDonald:** I do not know.

**Hon. Mr. Kerrio:** Mr. Pollock, say it again. I did not quite understand.

**Mr. Pollock:** You are going to put an irrigation system on a golf course. Basically, that is it. I question whether your ministry should really be involved in that sort of thing. It looks as though we are getting back into a Minaki Lodge thing.

**Hon. Mr. Kerrio:** I am certainly going to look into it, but this is the first I have heard of that.

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**Mr. Pollock:** I think the information comes from pretty good sources. Anyway, that concludes my remarks.

**Hon. Mr. Kerrio:** I do not want to react too quickly. We will go look into it. The only thing I can think of is that the conservation authorities certainly have money flow from the Ontario government. They would not necessarily make us aware of all expenditures in recreational areas and other kinds of parks, but we will examine it for you.

**Mr. Pollock:** Okay.

**Mr. Chairman:** Mr. Pollock, I understand you have finished.

**Mr. Pollock:** That is right.

**Mr. Chairman:** We had scheduled the minister to respond to both the critics at this point.

**Mr. Black:** Do we not get a chance to ask questions?

**Mr. Chairman:** Only if the minister allows you the time.

**Mr. Black:** I would like to get him on the grill too.

**Hon. Mr. Kerrio:** I am certainly going to do whatever is co-operative, Mr. Chairman. What might you generally consider: to allow other people to talk individually or wait till the responses are done and then open it up to all sides? I am in your hands.

**Mr. Chairman:** At this point, it is expected that you will respond to Mr. Wildman and Mr. Pollock, and then the process opens up.

**Hon. Mr. Kerrio:** Okay. Agreed?

**Mr. Black:** I did not want you to think they were the only ones who had anything worth while to say; that was all.

**Mr. Chairman:** I am surprised that would even be in your mind.

**Mr. Black:** It was not in my mind. I thought was in yours.

**Hon. Mr. Kerrio:** I just think it may be traditional. We will respond to the two people. Of course, it will take some while to respond. Today, I have heard the concerns of the member for Hastings-Peterborough (Mr. Pollock), a critic from the Conservative party. Given the kind of time required, I will go through responses to the critic from the New Democratic Party and then continue on, except for the place where I might need some research done.

The thing that comes to mind with the critic, the member for Algoma (Mr. Wildman), is probably one of the key points in the matter that I should respond to, and that is the difficulty of balancing the conflicting demands that the public makes on the ministry in relation to the use of resources in the province by many different groups.

I am certainly pleased the member for Algoma has, in some cases, decided there was good reason in particular parts of the ministry, and I would like to thank him for those comments and appreciate that. I think what you can accept, the balance of these estimates is a real will on the part, as minister, and on the part of my people who support me in the ministry, to do everything we can to give you straightforward answers to the degree that you might like to question some of the people who are directly responsible. I think there is a fairly good opportunity for the critic to be able, for instance, to talk directly about firefighting, forest management, wildlife, fisheries and all those good things.

To carry on with the comments made by the member for Algoma, ultimately the conflicting demands on the ministry end up with my people and with me, as the minister. I accept the responsibility and so do my people, who I have found very willing to accept that responsibility. We know the decisions we make affect many different people in many different ways, so there is sometimes a very onerous responsibility coming to those conclusions.

In northern Ontario, for instance, people depend on our natural resources for their livelihood. Of course, never have we been more acutely aware of those demands and the responsibility we have to northerners, and indeed to all Ontarians. When we talk about the impact of our resource management in northern Ontario, in many cases there is just as much of an impact on southern Ontario, because for every job in northern Ontario related to forestry, there is another job in southern Ontario.

My people are not aware of that, so it is a very critical area.

That is why I said in the opening remarks that the fundamental goal of this ministry is to manage the natural resources of the province in the best interests of the people, not only now but I think given the fact that in one area of natural resources it takes so long to renew forests, well into the future.

We spend a lot of time in the ministry talking about the wise use of natural resources. You can appreciate that even within the ministry we have a lot of people pulling us from one side to the other as to where those resources should go. Our challenge is to bring balance and vision to managing the resources in the way that is most acceptable. I say "most acceptable" because in not many instances can we satisfy the various users in a way that is acceptable to all sides.

I must reiterate that the member for Algoma Central has brought up a good point, and we put it on the table, about the conflicting demands on the resource. I think it is important to discuss these questions in some detail so that the balance in the vision are something we can more readily understand.

In some cases I will provide answers to the questions later, when we are discussing matters more intensively. I guess that is what I said at the meeting. I do not want to take up the committee's time now dealing with questions that are better answered later, not only that but maybe better answered by some of the people who are more appropriately experienced to answer the questions.

We would just like to discuss in general terms the issues the members raised, more particularly the member for Algoma: they are timber supply in the free trade agreement. I think it is fair to summarize the member's comments by saying that he feels we are running out of trees. He said we are trying to run a warehouse without knowing what is in stock. I believe he said here, and I am sure he said elsewhere, that MNR must count the trees. I do not think the member really understands the full implication—

**Mr. Wildman:** I did not say individually. I did not say, "Go out and count the trees."

**Hon. Mr. Kerrio:** Well, an inventory of some kind. I think you have to count the trees to do that.

**Mr. Wildman:** I said we need an inventory, that is right.

**Hon. Mr. Kerrio:** Okay. Very briefly, I want to discuss what counting the trees would mean on the area covered by our forest resource inventory. We estimate, and it is a low estimate,

that there are 54 billion trees on the FRI area. Let me repeat: some 54 billion trees. If we hired people to walk through the FRI forest containing trees, hectare by hectare, row by row, the task would be monumental.

**Mr. Wildman:** This is ridiculous. I did not suggest that and you know I did not suggest that. I quoted Dr. Rosehart—

**Hon. Mr. Kerrio:** You put the question and I am answering it.

**Mr. Wildman:** I did not put the question. You are not answering the question I put.

**Hon. Mr. Kerrio:** What we are talking about is an inventory, and I fail to see how anyone could take an inventory without taking an inventory. That is what we are talking about. I am responding on the basis of—

**Mr. Wildman:** Basically what I was asking you to do was to—

**Hon. Mr. Kerrio:** You are talking about an on-the-ground inventory. I am trying to put into perspective what kind of money we would be talking about and what kind of human resources would be involved. We are talking about doubling our staff to accomplish this kind of inventory.

**Mr. Wildman:** I asked you to respond to Dr. Rosehart, who said to triple the expenditure you have on your FRI.

**Hon. Mr. Kerrio:** Dr. Rosehart told us that what we had was adequate for the purpose we put it to. You are asking for something more, and I am responding to that by telling you that we have to face the realities of conforming to expenditure, which is really why we are here. We are talking about estimates and how we spend our money and how we can accomplish our goal.

Just to carry on, I say that if we were to do the kind of inventory I accepted as what you are asking for, we would be talking on the order of some \$88 million. I hope when we discuss timber supply in more depth we will be able to move from the concept of looking at the counting of trees as the inventory to a more sophisticated discussion in the estimates of supply. I do not mind your getting involved with the foresters on that one, because I think, appropriately, we in a sense accepted that you were asking to do a meaningful inventory, which I am not sure you could do any other way.

The free trade agreement between Canada and the United States is one that was brought up, before the critic from the Conservative Party brought it up, by the member for Algoma. To the degree that the member for Algoma describes his



position, I agree with some of those comments. We have been saying for some time now that Canada has not achieved a genuine free trade agreement, because we do not get unimpeded access to the US market. This is what the federal government set out to do and this is one of the things it did not accomplish. The most important part of negotiating with the Americans was that we were not going to enter into this thing unless we had access to the market and we would be left as people who would be excluded from the omnibus bill. That did not happen.

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One of the major blocks of getting into the market over there was the fact that they had thrown us in with the omnibus bill with every other trading partner they have in the world. So this, while it was supposed to be something between the US and Canada, ended up as something to their advantage, but taking us away from the General Agreement on Tariffs and Trade arrangement, in fact, where we could go to get some of the settlements on the different tariffs, and done in a way that would look at it in a global way rather than at what is good for the US.

For some time also we were looking at a dispute-settling mechanism. That is flawed. It has been described as something that is new. The fact of the matter is that this panel will simply determine whether US trade actions against Canada are consistent with US law; it will not determine if those laws are fair. In fact, in very recent articles in the paper, it said that they could also change the rules while the negotiations are going on. I would hate to be involved in any kind of game where the referee can make rules to suit himself, especially if he is hired by one of the teams. That appears to be where we are with this one.

**Mr. Pollock:** It happens around here.

**Hon. Mr. Kerrio:** I agree with the member. The dispute mechanism does not offer Canada any protection. That is a good challenge. I challenge those people who say it is any different from that, because there are many people who have gone into this aspect of it. I guess this is what we call one of the areas where there is a leap of faith involved. If it were one leap, it would not bother me too much in one particular area, but it seems to me that being described as a leap of faith is not quite adequate to describe it.

There are many leaps of faith that they are going to ask us to take on many fronts. Some of them, of course, are right in a ministry that I have had firsthand involvement with. A ministry that I was involved with last time was the Ministry of

Energy. Energy is another leap of faith that is going to cost us really big whenever there is a shortage where we have to continue to supply the Americans proportionally to what is coming into our province. Those are the kind of things that are leaps of faith that I do not feel comfortable about. I have said before that the federal government sold out the softwood lumber industry by giving in to the US on this tax.

We are convinced we could have demonstrated that we do not subsidize the softwood lumber industry. We, as a province, have been contented and were getting pats on the back from the federal government right until the 11th hour when our province was in the right position on this and would not give in to that countervail, we would take it right to the international tribunal. The unions backed us on this; the lumber companies backed us on this. It was a real disappointment when, at the 11th hour, the federal government decided, after suggesting that we were on the right track all along in objecting to this, to capitulate and agree to force Canadian softwood lumber people to pay a 15 per cent export tax.

That is something that I am afraid also has another implication, because with the free trade agreement the government has compounded a mistake on the tax. The agreement will grandfather the softwood lumber tax and perpetuate it, legitimizing an unfair and unjustifiable tax on Canadian softwood lumber exports to the US. Why those people who were negotiating that contract could ever have the audacity and the nerve to exclude the renegotiation of that tax is beyond me. I do not know why anyone would agree to that, but they specifically excluded any more ability to negotiate that.

**Mr. Wiseman:** That sounds more like a speech.

**Hon. Mr. Kerrio:** Absolutely, and it is a long speech. You should listen, because you are the one who are going to come later and say, "You were right."

By agreeing to this grandfathering of the softwood lumber tax, our federal government has allowed a dangerous precedent to be set against Canadian companies. If you think that is not important enough to have on the record, you are wrong. I am not embarrassed by getting it on the record. In the future, if another US industry, especially an industry in the resource sector, feels the pinch of Canadian competition, it will point to the softwood lumber case, pointing out Canada's acceptance of that harsh penalty demand countervailing duties on other Canadian products. Our federal government has just given



industry the tool it needs to justify demands for countervailing duties. I am agreeing with the member for Algoma that the free trade agreement is not just simply flawed but badly flawed.

Some other questions were raised by the members, and there are a number that I wish to deal with before we move to a more detailed climates discussion. I will just skim on these from the member for Algoma, because you might want to get into specific involvement.

On the privatization thing, the government has a position that is, of course, counter to your feeling as to where it should go. I guess it is reasonable to assume that you have a position; I do not quarrel with that. You have put your position clearly. I would like to be able to say that we have a commitment, in a sense, that I feel very comfortable with because I happen to come from that area in the commerce of the province where I was a private entrepreneur—what you might call a private sector person who performed a very valuable function that we think is appropriate for my ministry. Corporations, municipalities and many other people had need in many areas where it did not seem appropriate to bring people on and off the payroll of the government. It was an opportunity for entrepreneurs to perform a very valuable function.

That is something I did in my way. Companies could carry staff who were gainfully employed year-round, and I would move with up to 100 people—skilled tradesmen, labourers and everything else—to these various areas in the municipality to provide an area of private entrepreneurship for a certain length of time, and then move out when it was not needed.

I imagine that is somewhat of a difference in a philosophical position, and I would not argue about it. That is just the way I look at it.

Regarding the reforestation, I accept the fact that we had problems with a particular contractor there. I am looking to the Ministry of Labour and the Ministry of Health to help us correct those problems.

I also want to bring into perspective something that happened to me very early on. It seems to me that one of the members who brought it to my attention, besides the member for Algoma, was Mickey Hennessy from the Sault area. They were having problems paying some of the help in that very first year we had some young people planting trees.

I have had experience in developing contractual arrangements that make absolutely certain that when somebody bids on a contract, we put enough in the contents of the bid so that we are

going to protect the workers to the point where they are going to collect their pay, where they are going to have appropriate conditions to live in and conform to reasonable work ethics.

It is always disturbing to me, as well as to the member, that those things unfolded as we were developing the arrangements. I think we have cured them one at a time, and you can rest assured we will do that in every instance where it is brought to our attention.

Indian land claims are very interesting and difficult situations to deal with. There are currently 64 land claims that have been brought to the attention of the province by the Indian bands. Canada has considered and approved 12 for negotiation.

A typical example of where we have really moved forward in a land claim, which certainly has caused one of the major problems in the province, is the Temagami land claim. Again, I say that is the prerogative of the individuals who are acting on behalf of the natives. We made what we thought was a very reasonable offer of a total of some \$30 million in land and/or moneys for the natives to have a land base that was appropriate for them.

The natives decided against accepting the government's offer and decided they would go to the courts, which they did. In the first instance, the courts decided, on the side of the government, that the Indians did not have that much of a claim. While they had chosen to go that route, they were not willing to accept that, and it is now at the appeal level. We are going to have to wait some more until we see how that unfolds. I want to see that our natives are treated in a way that is to their benefit.

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I am going to jump over a few of these comments and share with you something I feel very proud to be a part of.

Just within the last month, I was involved in a hydro project that has to get permission from the Ministry of Natural Resources for site approval. We made an agreement with Chief Roy Michano of the Pic-Heron Bay Indian band. They are going to move forward with a 12 megawatt hydro project that is co-owned 50 per cent by the Indian band and a very good developer, Dave Carter, who has built two or three small hydro projects throughout the province.

Those are the kinds of things that give me a great deal of pleasure, where our aboriginal people are really going to get something from MNR that flows into the band's treasury and allows them to participate.

Without getting too much more involved with the fact that there are those 64 land claims that have been brought to the attention of the province and 12 that we are very much prepared to negotiate—there are probably many more out there, and I cannot tell you where that is going to lead us—I mentioned in my opening statement that land claim research and associated analytical functions were transferred to the Ontario native affairs directorate. We constituted a cabinet committee on native affairs with seven or eight principal ministries on it, I think to show our will to do that. I feel it is in good hands and I feel we are moving forward in Indian land claims because we have the will to do it.

The other thing I wanted to mention is the claim on the toxic involvement at Grassy Narrows. I thought it was an important move to have the natives feel that we were very much prepared to move forward with settling some very important involvements.

The Ministry of Natural Resources, along with a number of other ministries, is part of the Ontario negotiating team for Grassy Narrows, led by the Ontario native affairs directorate. While an agreement has not been reached, the band has expressed a desire to conclude an agreement with Ontario by March 1989, so I think we are well along on that one. We are quite far along in negotiating the Islington agreement as well. I am hopeful that we are going to tidy some of these up, to prove to the natives that we are intent on settling some of these outstanding agreements.

On the Indian fishing agreements, on November 18, my cabinet colleagues Ian Scott, René Fontaine and I met in Dryden with the Advisory Committee on the Northern Ontario Treaty 3 Indian Fishing Agreement. At that time the chairman, Terry Platana, officially presented the report to Ontario through Mr. Fontaine.

As you may recall, the province decided not to begin negotiations with the Indian people on fishing matters until after the advisory committee had submitted its report. Now that we have received its report, we will carefully review it as part of the internal work that must be completed in preparation for these negotiations. While it is difficult at this time to set a precise time frame, I anticipate that negotiations in northwestern Ontario could begin by late spring of 1989.

Temagami, one of the outstanding difficult areas, is one that we have spent probably more time on than any particular initiative that has ever been taken by a government. Some of the

comments that were made which relate to some of the players should be qualified.

The member for Algoma made reference to the DeLCan consultants' study on the Red Squirrel Road extension. This has to be put on the record so there is no misunderstanding. DeLCan was hired by this ministry to assist us in undertaking an environmental assessment of the Red Squirrel Road, not to do the assessment.

There is quite a difference there. DeLCan was beyond the terms of reference agreed to in the contract when it proposed broadening the scope of the study. My immediate reaction at the time was not to quarrel with it about that but to give some credit. If it could get the government to broaden its scope, it would be in its favour to more business on this operation. But that is not what we had entered into. It was clear, it was not precise and I think there was some advantage taken because of the facts that unfolded later.

**Mr. Wildman:** You just wanted the environmental assessment on the road corridor itself.

**Hon. Mr. Kerrio:** That is right.

**Mr. Wildman:** Just on the right of way, not the effects on the environment of putting the road in there and doing logging.

**Hon. Mr. Kerrio:** Yes, and I will tell you why. I think, as a northerner, you should be on our side on this one rather than the other, for that reason.

**Mr. Wildman:** I am in favour of preserving the forest.

**Hon. Mr. Kerrio:** Remember, we have in the offering something that is going to cost us much time and diligence in finally getting through the class environmental assessment, which I think is going to be appropriate for the future of the province.

There are those who do not understand, and some of them are sitting in the audience, that we have to go on while these things are accomplished. We are making major movements in an area of responsibility to the people of this province, but I think we are less than responsible if we do not do it in a way that is acceptable to the people who are already here. I do not think this was meant to be the kind of full-blown environmental assessment, which was, to some people, the only way to accept going there, because this was something that was put out in front.

**Mr. Wildman:** Even though it was promised by the local members.

**Hon. Mr. Kerrio:** We supported a position because we had gone out before all the public awareness was put out there, to take



initiative to try to get wood supply for a particular area. That was a mistake, so we backed off and took another look and said, "But we are also going into a major assessment of our methods in the future that will take everything into account."

**Mr. Wildman:** Mr. Chairman, I certainly agree with the minister that he backed off.

**Hon. Mr. Kerrio:** That does not make me uncomfortable. Sometimes you must do that when you take people's lives into account. I am not saying that there were other players who were not thinking in terms of doing what was appropriate and fair to all the people involved. They looked at their interests. I said that at the outset.

**Mr. Wildman:** The local member was the one who promised an EA.

**Hon. Mr. Kerrio:** I am not sure that is the case, but having said that, there was an agreement that with all the mitigating circumstances designed in the whole process by the Ministry of the Environment, then it was not absolutely necessary in this particular instance.

The environmental assessment on the Red Squirrel Road was reviewed by numerous agencies, both provincial and federal; it was found to be acceptable and the Ministry of the Environment approved it. Some 29 conditions were set for the road and were attached by the Minister of the Environment (Mr. Bradley) and agreed to by Dr. Daniel's committee.

Now, just to clarify one point that you made, and this was just given to me, the Red Squirrel Road was bumped up before the member from the area joined the government caucus.

**Mr. Wildman:** They promised it before and agreed.

**Hon. Mr. Kerrio:** In any event, as things unfolded, I am surprised that you, as a northerner, would leave people hanging out there, because many other concessions were made on this whole program as well that have not been discussed. That has to do with the purifying of Lady Evelyn-Smithwater Provincial Park, extending waterways in and around it. But if you get people who are not going to move from their position, it makes it very difficult.

As I mentioned, I cannot get into the kind of depth I want about the status of the specific timber management environment undertaking, which is before the EA board. You know that the hearings began in Thunder Bay last May and are presently recessed until January 30. The Ministry of Natural Resources will provide the remainder of its evidence, followed by the forest industry

coalition. Next, the hearings will come to Toronto, where Forests for Tomorrow, the environmental coalition, will give its evidence.

The Environmental Assessment Board, of course, is an administrative tribunal with formal rules of procedure. Those procedures are designed to permit a thorough examination of issues and fairness to all parties. This is the part we get criticized for sometimes, but I would like people to understand that, at times, such procedures can have the effect of lengthening the process and might seem beyond what some members are willing to accept. But timber management is a very complex subject matter and differs in significant ways from other subjects that the Environmental Assessment Board has to deal with. It has many, many facets.

It is a first-class environmental assessment. This is the first one dealing with ongoing activity as opposed to a project that is being considered. It deals with a vast geographical area as opposed to one site, as might be the case with a landfill site.

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From the beginning, various parties have been grappling with how to streamline the hearing to deal with this complex matter while maintaining fairness to all involved. Discussions about streamlining have been tempered by the concern that a court could find certain streamlining measures unfair to a particular party. If this occurred, the entire exercise could be put back, maybe all the way to square one.

The board chairman, MNR and other parties have all made suggestions for streamlining or scoping the hearings. The board has indicated that specific streamlining measures will be in effect when the board resumes sitting on January 30. I think they are thinking very carefully about the impact the streamlining would have of having someone give cause that he had been left out of the process.

The hearing process is a very positive learning experience for all parties involved. It assists MNR in getting a clear understanding of various concerns and perceptions which exist about timber management. It also provides MNR an opportunity to explain to others what we do, how we do it and why we do it.

The timber EA has been a stimulus to improving our forest management efforts and better operationalizing our philosophy of integrated resource management. During the development of the EA, we have created a better timber management planning process, standardized reporting requirements and revised and updated a large number of manuals for our own



staff and those of companies. I think that was really initiated by the Baskerville report pointing out to us that there were areas that we had to improve. Maybe we have not moved on all fronts to the acceptance of many of the players, but I have a strong feeling that we are headed in the right direction.

In order to better ensure that other values of the forests are protected, we also prepared guidelines for the protection of fisheries, moose habitat and tourism values and we are in the process of developing guidelines for the protection of heritage values.

I think one other area that you had some concern about—

**Mr. Wildman:** Excuse me, I asked about the total cost too, and how much our legal fees were and so on.

**Hon. Mr. Kerrio:** Do we have any numbers yet? I would not be able to project this, because I think the time period—

**Mr. Wildman:** No, I just meant to date.

**Hon. Mr. Kerrio:** Have we got any numbers to date?

**Mr. Tough:** Yes.

**Hon. Mr. Kerrio:** Go ahead. Put it on the record, George. My deputy has the numbers here.

**Mr. Tough:** The total number, and this excludes permanent staff salaries, is about \$775,000 for 1986-87, \$1.20 million for 1987-88—and so far it is \$1.27 million.

**Mr. Wildman:** That is staff salaries?

**Mr. Tough:** No, that is for lawyers' fees and travel accommodation support. We could make this available. There is no secret there.

**Hon. Mr. Kerrio:** Oh, sure. I would like to share it.

**Mr. Wildman:** At the same time, if you can, I would like to know how much the cost is for salaried MNR staff who are in Thunder Bay for the hearings or travelling to the hearings, so that we can get some idea of how much you are spending on your own staff time and also how much it is costing us in legal fees.

**Mr. Tough:** We can take a stab at it.

**Hon. Mr. Kerrio:** We will give you a rounded-out figure, because I am not sure we could keep it right up to date. I appreciate where you are coming from. We are very much prepared to share that with you.

The other issue that you brought up, and it is really a significant issue that needs to be dealt with—and I tell you, sometimes I am at a loss as to

what direction to go in and I am looking for a kind of help we can get from any direction—access roads, access points and boat launches.

You realize that in the early stages of building roads, generally we are talking about resource management roads, and we keep adding inventory to those roads and they are built for a specific purpose at the time. Of course, the problem occurs when various users other than the primary ones become accustomed to using these roads.

The inventory is quite startling. The inventory of resource access roads is currently 32,000 kilometres, 50 per cent more than the provincial highway system, making it increasingly more difficult to maintain. For this reason, field staff must set priorities for existing road networks and identify which roads will be maintained and which ones will not be maintained.

In the typical example of the Blind River area there are 141 forest access roads. We have said that six roads are being maintained by the Ministry of Natural Resources and other road users are being encouraged to maintain some areas where they might be useful to the people who are using them. This message was conveyed to people in the district by a news release this past spring.

Roads which MNR is not maintaining are posted. Now, in this modern world, it is not even good enough to post a sign at the road saying that you use it at your own risk, because that does not stand up in courts in many instances, so we do not have that way out. But then we get roads that deteriorate; and not only the roads but bridges that are built for a specific length of time.

It should satisfy some of the members on opposition benches that I was very much prepared to accept my ministry people's comments and reports about particular areas of concern. I am not sure if you were involved with one of them—

**Mr. Wildman:** The White River district, the Wawa district.

**Hon. Mr. Kerrio:** —but there were two or three bridges that were suspect and my people came to me and made the comments that they were not safe engineering-wise and that we were taking some risks if we did not do something to repair them.

**Mr. Wildman:** I would have been happy if you had repaired them rather than blowing them up.

**Hon. Mr. Kerrio:** The member came to me in conclusion in the question about these various bridges. I took it upon myself to bring an outside engineer in to examine them, as did our people.

they verified the fact that they were in the condition described by my ministry people and we would not be wise to continue.

**Mr. Wildman:** We all agreed with that.

**Mr. Kerrio:** So I guess that is an ongoing problem. I am not comfortable as to what the answer is. There is just so much of it out there and we cannot maintain it to any reasonable standards. If we could strike some kind of an arrangement where we could choose some and be able to maintain them—some of them are used for purposes that should be accepted by people in the area, where we say to protect tourism involvement in hunting involvement or some such thing individually, we would be wise to control them. That is one of the answers that comes from that perspective. But beyond that, with 32,000, with nearly twice the roads the Minister of Transportation (Mr. Fulton) has with a huge budget, we still have to work out a plan that is going to be acceptable to the users.

Having said that, if we wanted to get into the matter, a member that sat through this, I have some comments to make. I could start right out with one of his first questions—

**Mr. Wildman:** Minister, just until he gets that, I—

**Mr. Kerrio:** That is why I was going to ask.

**Mr. Wildman:** In regard to the road access issue, you raised the one in White River. In that particular case, and this is not usually the case, there was a tourist outfitter who needed those roads. Usually, you have a situation where you have an outpost camp that is objecting to roads being closed, but in this case this is a tourist outfitter who needed those roads.

Everybody agreed with your assessment that the bridges were deteriorating to a point where they were unsafe; nobody disagreed with that. What we disagreed with was your conclusion. Your conclusion was to remove the bridges rather than replace them with culverts or rebuild them or something.

In regard to the other point you made about signage, legally you are correct, but it has a psychological effect. If you post a road saying "Use at your own risk" in an area dependent on tourism, it is not particularly good for tourism.

**Mr. Dietsch:** What about the liability that is attached to it?

**Mr. Wildman:** Well, the minister is quite sure that it does not do you any good on liability, and if you post "Use at your own risk."

**Mr. Dietsch:** That is right, and if you had left them open without someone assuming the liability, then you are responsible.

**Mr. Wildman:** No, the point you are missing is that even if you put up a sign like that, you are still liable.

**Hon. Mr. Kerrio:** Yes.

**Mr. Dietsch:** I understand that. But how can you do it any other way than the way it was done? That is the question I am asking.

**Mr. Wildman:** Maybe we have to do what the minister said and start looking at some priorities and start maintaining some of them.

**Hon. Mr. Kerrio:** I am quite prepared to enter into discussions that are very co-operative and are going to help us decide those, because remember, in the first instance when you build one of these roads they are built to the very narrowest, least sort of standards, so they will just accomplish the purpose that they are put there for. Then we move out and they are very inadequate.

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**Mr. Wildman:** That is the problem. In certain cases you get cottage development that the Ministry of Natural Resources has encouraged with road access on a forest access road, and then you come to the conclusion that the primary use of that road is no longer necessary and you abandon the road. The cottagers are left in a very difficult position, because even if they were prepared to form a local roads board, if it is an unorganized area, or have a municipality, if there is a municipality, take over the road, it is not up to the Ministry of Transportation's standard and they cannot get a subsidy from that ministry on it and they cannot afford themselves to bring it up to standard. Surely at least in those kinds of cases, if you are going to abandon the road, then bring it up to standard before you abandon it.

**Hon. Mr. Kerrio:** I think in cases where we are making every effort to open up some of the cottage lots for cottaging and for commercial work and those kinds of things, in the first instance we are looking for some areas that have roads that are quite adequate. That is one of the reasons we targeted the area around Ignace to go into the cottage lots, because the roads were quite good, well maintained. We had, I think, put money in with the municipality and some other people who went out privately and raised money. It looked like a good target area.

We ran into a bit of a snag when the Ministry of the Environment people told us that this was



considered a lake trout lake and we would have to do an assessment on it to see if it could withstand the burden of more cottages being put on that lake. So here we had these cottage sites, we had fairly good roads and we had this other element put in place that has caused us to extend that for a year.

David MacDonald was involved with that with the Ignace people. We promised them regular reports. I even moved forward the assessment of the lake by doing some of the assessment through the ice instead of waiting for spring until the ice broke up, because I said, "We've got to move some of these where it is appropriate." But having said that—

**Mr. Wildman:** Okay. Mr. Chairman, I was not trying to take time away from the minister. I was just trying to get some answers until my colleague returned.

**Hon. Mr. Kerrio:** That is right.

Now, in answer to the member for Hastings-Peterborough, his first question was about firefighting and the fact that we had to add considerable money. That is not uncommon. We have a base firefighting budget that I do not think has ever been one that was adequate to do the firefighting.

I think it is a matter of bookkeeping. What we do is put the base budget in and then whatever we get involved with in firefighting is added to the budget—some \$57 million this year, it seems. This year was one of the most difficult we have had in some time, with some 3,200 starts.

We had 75 aircraft or 80 aircraft in the air at one time: all our CL-215 water bombers, water bombers from the Yukon Territories, Manitoba and Quebec, everybody. We have a national group centred in Winnipeg through which we share all these resources.

I think we are spending some \$1.25 million a day fighting forest fires. But generally, to answer your question directly, we have a base budget and then we can call on the Treasurer (Mr. R. F. Nixon) to pay the difference. This year, it was some \$57 million on top of \$23 million.

**Mr. Pollock:** In other words, you are saying over \$1 million a day; but that is just during the fire season, not year-round.

**Hon. Mr. Kerrio:** At the height of the fires, yes. This is added to the base budget.

**Mr. Pollock:** Okay.

**Hon. Mr. Kerrio:** In addition to that, and I do not see it on my notes, but I am very certain that we are not selling any water bombers. In fact, our acquisition has just been built up to what we were

looking for as a full complement of water bombers in Ontario: nine water bombers, excellent aircraft.

They were designed in Canada for the purpose that they are used for. I would describe them as flying boats, with the ability to pick up water when flying along on top of the water, some six tons in 25 seconds or so, and one of the fabulous tools that we have for fighting fires.

We have had some criticism, and I want to mention this in passing too, because I think I should ask how we assess the whole circumstance. We have a post-mortem after the fire year to look at with particular areas where the public is not satisfied and always has some notion that we could do this or that. When they have a post-mortem, they go through the areas of contention. Let me cite you an example. When people call up in a panic and say, "The fire is all blazing all over the place and the two CL-215 water bombers are sitting on the tarmac."

That was true, because we had gotten to a point where the fires were so big in the area of Red 7 that we were no longer deploying water bombers for the purpose of fighting the fire, but they were going on the initial strike where we were literally putting out hundreds of fires with the initial strike so that we would have new ones start. So sometimes we are limited to the amount of control that we can put on a major fire, and we have to deploy every else.

The question you raised about how this is may be one that I could accept as some positive if the members of the opposition critics particularly, wanted to have an idea of where we are. We have one of our people today. But some time we might arrange that we could look at our firefighting centres, how they are deployed and how our people are put in charge of that whole event. I think that we will attempt to do that some time in the future.

**Mr. Pollock:** Just in response to that, I do believe I have the expertise to look at that fire. I know whether an excellent job was done or not done, so that is why I asked for an independent person who would actually have the skills, be able to take the time to assess the whole situation and give us an independent view of the situation.

**Hon. Mr. Kerrio:** Maybe if we brought into the system so you could understand what we are coming from, we would consider the request.

**Mr. Pollock:** I am not opposed to that, as that goes.



**Hon. Mr. Kerrio:** Lou Lingenfelter is here. He would maybe be the person who would have a vision, if you would like.

When we talked about how the fire starts, it is all described it. We are doing things to make the public aware of how careful they should be, but I suppose when someone comes up from the south who does not really understand forest difficulties—we had a forest season so dry that sparks from a bulldozer track going over a stone started a fire. We had them with the trikes and, as you mentioned, we had them with the dumps.

We could answer some questions with our people right here, if you like, unless you want to wait until later to get into detail, about why the fire crews are going from six to three. Do you want to do that right now?

**Mr. Pollock:** Okay, I am flexible.

**Mr. Dietsch:** Do we have the time?

**Mr. Pollock:** We will be here until six o'clock.

**Hon. Mr. Kerrio:** Maybe we will leave that. We will skip over the ones where we need to bring our people in so that we can get into the final phase.

Regarding the Madawaska highlands regional trust, of course, I have tried to get this out there to the degree that I can share it, but maybe I should put it on the record. I have written to some of the editors who had 44 different kinds of stories about the Madawaska trust so that I could really put it in perspective. It is not a long letter.

Over the last few months, I have received numerous letters from residents of this area about the Madawaska highlands regional trust proposal forwarded by the Canadian Parks and Wilderness Society.

I would like to assure your readers that hunting, fishing, trapping, logging and other traditional pursuits will continue on crown lands in this area in an environmentally sound manner.

I have encouraged the Canadian Parks and Wilderness Society to pursue their concerns through my ministry's present management system, rather than a regional trust. Our system provides all members of the public with numerous opportunities to voice support, concerns or suggest alternatives in the management of natural resources.

In many of the letters, I noted some confusion between the Madawaska highlands proposal and my ministry's new policy for provincial parks. The society's proposal is not linked in any way to the new policy."

I guess that is one of the reasons there is so much misunderstanding, because they came at the same time.

"Our parks state that trapping will be phased out of our parks and the question of hunting in many of our parks will be determined through the development of plans on an individual, park-by-park basis. Balancing the diverse use of our great natural resources is a big challenge. With the continued interest of your readers, I know we will succeed.

"If your readers have any questions about how we manage the natural resources in this area, I encourage them to contact my staff in the district offices in Tweed, Carleton Place, Pembroke or Bancroft."

We wanted to put that on the record so there clearly would be no misunderstanding about where we were coming from.

1650

**Mr. Wiseman:** May I just ask for a clarification on it? Is your ministry saying no trapping on crown land?

**Hon. Mr. Kerrio:** No, we are talking about our parks policy.

**Mr. Wiseman:** Just in the parks.

**Hon. Mr. Kerrio:** Yes, except for natives.

**Mr. Wiseman:** And that includes Algonquin Park.

**Mr. Pollock:** That includes roughly 13 million acres of land, does it not?

**Mr. Wiseman:** How many trappers will you be putting out if you do that? Have you had dialogue with them, or was this one of those arbitrary things that just came down from head office saying no more trapping after a certain date?

**Hon. Mr. Kerrio:** You might look at that as arbitrary, but you know, I sort of inherited a situation from a former government that was trying to have parks all things to all people.

**Mr. Wiseman:** Do not give us that.

**Hon. Mr. Kerrio:** You asked the question.

**Mr. Wiseman:** Did you have dialogue with them or did you not?

**Hon. Mr. Kerrio:** You put the question the way you did. Do you know what it says in the book?

**Mr. Wiseman:** Do you mean the black book, the Bible?

**Hon. Mr. Kerrio:** You put the question the way you choose and I answer it the way I choose.

**Mr. Wiseman:** The way you like.

**Hon. Mr. Kerrio:** That is the rule here. I did not make this rule.

**Mr. Wiseman:** And I know when you are not answering the question.

**Hon. Mr. Kerrio:** The Marquis of Queensberry made it hundreds of years ago. I just play the rules of the Marquis.

**Mr. Dietsch:** What is the answer?

**Mr. Pollock:** How many millions of acres are there in your parks?

**Hon. Mr. Kerrio:** The answer is this—

**Mr. Wiseman:** Is this after conception or before?

**Hon. Mr. Kerrio:** I have to tell you that your former government came down with a plan for the parks that was going to have everyone be able to do anything in any park.

**Mr. Pollock:** My, my; come on.

**Hon. Mr. Kerrio:** Yes, that is the way it was.

**Mr. Pollock:** Come on.

**Hon. Mr. Kerrio:** Multiple use. I say to you, with the greatest respect, they said they had an agreement with all the naturalists, with all the hunters, with everybody who was going to use the park. It had this wonderful agreement that it could do this in all the parks.

**Mr. Pollock:** We met with people.

**Hon. Mr. Kerrio:** We found that it was more appropriate to have a parks system where you could have wildlife parks, nature parks, waterway parks, recreational parks, and all of them then could be put in place so that we could protect nature where it should be done and so that we could allow other activities to take place in these other types of parks. That is where it is at.

**Mr. Wiseman:** Did you meet with the trappers, though, and discuss it before you came in with the policy that you would have no trapping in the park?

**Hon. Mr. Kerrio:** I would have to talk to some of my people, which I am not prepared to do at this point, but I will get back to you on the question of what kind of dialogue went on.

**Mr. Pollock:** Did your biologists recommend—

**Mr. Chairman:** Order, please. I think we had better let the minister finish his response to the two critics, and then we can get into the individual votes and that kind of detail.

**Mr. Wiseman:** It is just that—

**Mr. Chairman:** I know what it is.

**Mr. Wiseman:** I have them written down, but I just did not want that to appear in the record as if there had been dialogue when there had not been.

**Hon. Mr. Kerrio:** On one important aspect that you asked about, there are people who have, of course, been here a great deal longer than who have reasonably good recall and who tell me that the new parks policy goes back to the blue book, which the other government moved away from and we are coming back to.

**Mr. Dietsch:** Where are we now, though?

**Hon. Mr. Kerrio:** In between.

**Mr. Wildman:** That is not the only way you have gone back to the blue in this government.

**Hon. Mr. Kerrio:** No. That is fair, better than to go to the red.

**Mr. Wildman:** Certainly you have moved away from your red back to the blue.

**Hon. Mr. Kerrio:** Let me rephrase that: to the pink.

**Mr. Wiseman:** We were fairer.

Interjections.

**Hon. Mr. Kerrio:** Where are we here? Mr. Chairman, they are getting me all confused.

**Mr. Wiseman:** He even admitted we were fairer.

**Hon. Mr. Kerrio:** Mr. Tough, you are going to have to help me with this and get them back in order, but what I wanted to respond to was the question by the critic of the third party on my water bill. I think that deserves the kind of answer that the member is concerned about.

Let's look the thing full in the face and say that this government in Ontario felt that water was a good described in the free trade agreement that could be bought and exported in a way that was not acceptable to Canadians.

Now, you might say that we have an international basin and that I really do not have that much jurisdiction over it, but we can only do what we can do within the bounds of our jurisdiction, and we are pointing out to the federal government that wherever it was within our power to stop the export of water, we would do it.

Now, it was not as specific as the third party acknowledged through Mr. Pope, and he tried to make it look as though we were putting this in place in order to expedite the sale of water, which was the position of the official opposition. I did not hesitate for a moment, and I want to reiterate to the member for Algoma, who is responsible for this area, that we said if you are not satisfied with that, we will spell out very clearly that we were doing that for some good reason, because we have other water transfers within Canada.



had to decide what the values were. For a time we have had a transfer to Winnipeg at Shoal Lake. We were going to tidy this thing up, but the other party pointed out properly that, if we were to put this bill to exports from Canada, they were not tied. So in the one area, and I think the most significant area of the bill, I was prepared to accept an amendment that said no export to the USA. How much clearer than that can you be?

**Mr. Pollock:** Where are you going to export water to the United States?

**Hon. Mr. Kerrio:** The federal government anybody else who wants to get involved with a goofy trade deal would export anything, it's theirs, and we are doing everything we can to stop them.

**Mr. Pollock:** Let me tell the minister that your candidates went around this province back in 1985 and told everybody there would be no deal unless it was a good deal.

**Hon. Mr. Kerrio:** Listen, we are here to do our duties. I am answering your questions.

**Mr. Pollock:** Now you are saying it is a poor deal and you are going right along with it.

**Hon. Mr. Kerrio:** That is convoluted thinking.

**Mr. Pollock:** Your Premier (Mr. Peterson) said that he had a veto. He had not got a damn veto at all; you know that.

**Hon. Mr. Kerrio:** We are not opposed to free trade; we are opposed to this bad deal. That is clearly understood. We are not—

**Mr. Pollock:** It was your candidates who said there was no deal unless a good deal. Now what are you going to do about it?

**Hon. Mr. Kerrio:** No; we said water is not up for grabs.

**Mr. Wildman:** It is a lousy position but it is the current position.

**Mr. Pollock:** The same as Pierre Trudeau's position on wage and price control.

**Hon. Mr. Kerrio:** Many of our workers in this province get comfort from the fact that we have an independent deal with the auto pact. That is what we are talking about: what is in the best interest of our province and our country.

**Mr. Chairman:** I find you sexy when you are being provocative, but I wonder if we could get back to the estimates.

**Hon. Mr. Kerrio:** I understand. I was just answering a question. The member wanted to know why we were putting the water bill.

**Mr. Pollock:** I still have not found out.

**Hon. Mr. Kerrio:** As I said, I am prepared to accept an amendment, because it is still there. We are going to complete the debate. I am going to amend it to satisfy the official opposition about making it absolutely understood that we are not to export any water to the USA, but you are suggesting that it was a bill that was put there for other purposes. I want to tell you that your federal government reacted; when we put our bill, they put their own bill.

**Mr. Pollock:** No, they did not.

**Hon. Mr. Kerrio:** Yes, they did. Come on. If you do not understand that they put a bill and it died on the Orders and Notices paper—

**Mr. Pollock:** It died on the order paper.

**Hon. Mr. Kerrio:** Well, they put a bill in response to an initiative that we took because—

**Mr. Pollock:** And yours will die on the order paper too.

**Mr. Wildman:** That has nothing to do with what was happening—

**Hon. Mr. Kerrio:** Well that too; but if you do not understand that they put a bill, then we really have got to start from square one.

**Mr. Pollock:** But yours will die on the order paper too.

**Hon. Mr. Kerrio:** No, it will not. What makes you think that?

**Mr. Pollock:** I have a pretty good idea it will.

**Hon. Mr. Kerrio:** No, you do not, because you have not been privileged to sit in the cabinet.

**Mr. Pollock:** We will see.

**Hon. Mr. Kerrio:** I do not know where you are getting your information, but it is all wrong.

**Mr. Pollock:** From you; that's the problem.

**Hon. Mr. Kerrio:** Oh, no. The purpose of the bill is to protect, to the degree we can, the export of water. We have done that. We have accepted a reasonable amendment, and now we are telling you straight up front, because the federal government said it was not a concern to put a bill, which died on the order paper, hopefully—

**Mr. Pollock:** What is this bill going to do when it is all said and done, though? That is the problem.

**Hon. Mr. Kerrio:** If your people were to put a strong bill federally that said no exports of water from Canada to the USA, we might have second thoughts.

**Mr. Pollock:** Not even bottled water?

**Interjection:** No, no.



**Hon. Mr. Kerrio:** Some of the comments I would like to make about your initiative cannot be made in this forum.

**Reservations:** Who has any ideas about where we are with reservations?

Interjections.

**Hon. Mr. Kerrio:** Oh yes. According to a problem that you are describing, our reaction to the question you raise about holding sites, I guess it has been a problem that there were no reservations allowed early on. Then some people said that they could not travel a great distance and find out that they did not have a site and that it would be appropriate to have reservations. I suppose once we went into that system there could be abuses, as you have described.

1700

**Mr. Pollock:** Could be? There are.

**Hon. Mr. Kerrio:** That is what I am commenting on. We are prepared and are examining ways whereby you can somehow sensibly have a reservation without tying up a site so that someone else cannot get it. We are very much ready to examine that to the degree that we could get a system that would be acceptable and appropriate to the people who use those facilities.

**Mr. Pollock:** I certainly hope you do, because it just seems unfair.

**Hon. Mr. Kerrio:** My deputy advises me that, on the Ferris Provincial Park, there are ongoing discussions with the municipality and there may be some co-operative method worked out. I do not know how far along that is.

**Mr. Pollock:** I am glad to hear that, because I know it is a major concern.

**Hon. Mr. Kerrio:** You were talking about a buyout of gill nets?

**Mr. Pollock:** Yes.

**Hon. Mr. Kerrio:** Of course, this always seems to be such a very easy thing to resolve. I guess from the time I came into the ministry I have made the comment that this resource could withstand the demands of our sports fishermen and our commercial fishermen if it were a well-managed resource as far as target areas are concerned.

We have in place right now, are involved in—and I do not know the degree to which it has been successful—a buyout program in Lake Ontario, because there is some stress there and a fair amount of incidental catch. We reacted to that by shortening the season by a fairly lengthy time when the incidental catch was high and the target species was low. We were convinced by

our biologists that, by fishing harder on the shoulders of the season, a fisherman could indeed catch the targeted fish and have very little impact on the nontargeted species. We did this year, but at the same time we gave them the option to sell out if they did not think they were comfortable with the kind of initiatives that would have to be taken to protect that resource.

Having said that, we have to answer the question. I have been given numbers. There is probably a \$150-million processing group in the province, and you cannot talk about taking people out of gill netting, providers to the plants that do the processing, without taking into account the impact on a very major investment in the province.

You cannot separate them, and while the easy way out seems to be to substitute gill nets for other nets, it does not appear that in most jurisdictions it is an appropriate way to tell fishermen how to function, because it is a very limited advantage over the traditional ways. In some places we have had, I think, really excellent co-operation. In Lake Erie, for instance, they moved nets a few more kilometre offshore from where they were hitting fish that were not targeted. We are insisting that we get the kind of co-operation from the commercial fishermen that is going to protect the species that are used for the operation of sports facilities.

We are also trying to tell them that in some instances the fishermen are well advised to go into the charter system. They can make as much money and they can be more choosy about the weather they function in. It goes without saying that when you set nets and people go out and fish, they jeopardize their lives because they have to do it, as opposed to people who charter with the same income, the first choice we would have would be people taking advantage of a tremendous opportunity in this province now for charter fishing. Some of the members here have a very valid personal interest in it, if a comment might be appropriate.

**Mrs. Fawcett:** I think some of our members are taking advantage of the buyout right now in Northumberland, in quota zone one, I believe. There certainly is one that has made arrangements, and I think there are two others that are dealing with you right now.

**Hon. Mr. Kerrio:** Very good.

**Mrs. Fawcett:** It seems to be working out quite well. Plus, are you not changing the mesh or whatever it is?

**Hon. Mr. Kerrio:** The mesh size, yes.

have been very co-operative. I take some in the fact that we have taken some initiatives in forestry and fisheries assessment needed to be done. Typically, everybody blames us for not carrying out Dr. Baskerville's report, but I would like to take some credit that I brought him here in the first place to tell us that we are doing wrong and go from there. It is the same with the fisheries.

**Mr. Wildman:** You have to go from there.

**Hon. Mr. Kerrio:** We are moving; we are going well.

The fisheries are the same thing. We wanted to do assessments on the lake. How can we decide how to distribute the fish if we do not know really what kinds of stocks are there?

**Mr. Wildman:** How can you manage the stocks if you do not know what the stock is?

**Hon. Mr. Kerrio:** That is right, but we do not count them, we count the schools of fish.

**Mr. Black:** Now they want us to count the

**Hon. Mr. Kerrio:** There you are; that is the next step.

Having said that, I think the important thing is that there is a burgeoning sort of industry out there in sport fishing. Whoever thought 25 years ago you would catch a 30-pound fish right in the bow of the CN Tower? Those opportunities are there, providing a wonderful opportunity for sport fishermen and commercial people who decide they should go into the charter boat idea. But we also have a difficulty with our wall-eye pickerel, depending on what part of the country you come from, in giving any of that to a child, simply because they have to be of a size, particularly in some parts of the lakes, which are not acceptable because of the high levels of mercury in the fish. While that fish could very well be a trophy for a sport fisherman, it may not be appropriate to take that fish to put on the market, because some of those influences come into place that do not really get into depth in speaking about. The buyout, as has been described, is ongoing and we are very pleased about what is happening there.

You made some comment about reforestation. Some of the conservation authorities lost a fair percentage. We may have to get back to you on those numbers.

The other questions you asked that relate specifically to some of my foresters will be answered a little later on as well.

Did I talk about the water control bill?

**Mr. Pollock:** Yes, and we did not gain any ground there.

**Hon. Mr. Kerrio:** Recreation trails.

Interjection.

**Hon. Mr. Kerrio:** You know, I was looking for something that was analogous to your question about abandoned railway lines and I think it might be the 32,000 miles of forest roads. We have the same problem, I say to the critic for the third party, maybe a problem that is really worth comparing, in keeping roads open for the purpose that some of our people would like them to be kept open for in the forestry area and your abandoned railway lines.

Of course, you know that there are literally thousands of miles of abandoned railways where the federal government decided we do not need trains any more and that land is up there for grabs. I guess there are municipalities interested and there are recreational people interested.

I am trying to find someone who is very interested, with bucks, who might like to get into that whole process of picking up some of those trails.

**Mr. Pollock:** Are you saying that you are not going to? That is what I want to know.

**Mr. Wiseman:** What about the minister?

**Hon. Mr. Kerrio:** Not to say this facetiously, we have now picked one minister to head up an examination of the validity of doing things, and that is the Minister of Transportation (Mr. Fulton), who is now heading up a committee with my ministry and the Ministry of Tourism and Recreation. Is anybody else involved?

Interjection.

**Hon. Mr. Kerrio:** Anyway, it is set up now to examine the whole process of where we go with those abandoned railways.

**Mr. Wiseman:** How much is the budget for that? How much money is going in your budget for that?

**Hon. Mr. Kerrio:** Who said you need money to do good things? The former government proved that all it could do was pour money into problems. We are looking at a different tack.

**Mr. Wiseman:** You mean there is no money in there for—

1710

**Hon. Mr. Kerrio:** For what? I want the people to come with ideas, to come with money.

**Mr. Tatham:** Be very careful, though, because we had them down our way, and I am telling you, sometimes they turn out to be just a



great place for vehicles going up and down, abusing the farmers. The farmers are unhappy. I would make haste slowly on those. I was a guy who promoted one in our area and all I get is abuse from the farmers, because they end up with parties and carrying on. It sounds great, but sometimes, unless somebody looks after it, it is not that great.

**Mr. Wiseman:** There is the other party of Ontario talking about poor eastern Ontario and northern Ontario—

**Hon. Mr. Kerrio:** We have to address the problems of liability, fencing and all those things, if we want to use that for the purpose you are describing.

**Mr. Pollock:** I point out that particular railroad line goes through pretty rough terrain and not farm land.

**Mr. Wiseman:** And there is no money out there.

**Hon. Mr. Kerrio:** There is lots of money out there.

**Mr. Wiseman:** We are talking about other people. You seem to tell other people how to spend their money. Why do you not put some up?

**Hon. Mr. Kerrio:** There is no money in the budget for that. The Minister of Transportation is in charge now.

**Mr. Wiseman:** Yes. So, he would have to get money from you and if you do not have any in your budget for it, then all we are going to do is talk.

**Hon. Mr. Kerrio:** How did we manage to get on to transportation? We are not in charge any more.

**Mr. Wiseman:** If it is not the federal government, it is the Minister of Transportation. When does the buck stop in the capacity of Minister of Natural Resources?

**Hon. Mr. Kerrio:** That is on the hunting side. We will talk about that later. You were minister of the day, and you know that it is a real coup, if you have something like abandoned railways, to get it to another minister. We did it when he was away.

Recreation trails. You have a private member's bill.

**Mr. Pollock:** Yes. Could we get a time frame when you are going to deal with this?

**Hon. Mr. Kerrio:** In the fullness of time, I suppose.

**Mr. Wiseman:** Just send all those people up to the Minister of Natural Resources.

**Hon. Mr. Kerrio:** Now the Bugar report should not attempt to explain this in real detail, because Mr. Bugar is here and you will find out from him next go-around.

But let me tell you where this is coming from. You know that the conservation authorities have been out there for some 40 years. They asked to re-examine the purpose and the future of the conservation authorities. Taking a good look at it, we found out that we had some \$1 billion worth of plant throughout the province and that there had been a major commitment to that involvement.

What we are saying now is that on a given watershed we are looking at amalgamating some of the conservation authorities, where there would be some considerable saving done, plus a considerable input of provincial money to accomplish a goal which I think most people might accept as moving forward. That is, if we take two or three small authorities and join them together on a watershed, instead of paying out a lot of money to a lot of people who sit on boards, to be able to get professional help, we have staff for that particular watershed is a step forward.

That is the kind of commitment that we are going to put before the public. Remember, it is out there for study—

**Mr. Wiseman:** And put more on to some of the municipalities. Let some of the public look after these abandoned railway lines.

**Hon. Mr. Kerrio:** Yes, because in fact most of the benefits accrue to the area where we are pouring a lot of money in.

**Mr. Wiseman:** You will pay less.

**Hon. Mr. Kerrio:** We are paying a good percentage and that is only appropriate. In many areas now—

**Mr. Wiseman:** But you are paying less.

**Hon. Mr. Kerrio:** I will tell you something. We were moving in a direction where we were being asked to acquire table lands. This started by protecting the life and property of people in the waterways. The next thing you know, under your administration, we ended up with recreational areas, water slides, table lands. That was not the purpose of conservation authorities.

So, when you get into a situation where you are pouring money somewhere that is not quite appropriate and we want to take a new direction to bring more people on who are professional and do a better job, we are asking the public to consider that. It is not hard and fast, now. It is out there for study.



**Mr. Wiseman:** Are you telling them that in some cases they will be paying 70 per cent instead of 50 per cent?

**Hon. Mr. Kerrio:** Absolutely, where it is appropriate. Yes.

**Mr. Wiseman:** That was not in anything I read until I read Mr. Bugar's report, and it was there. Anything I have seen come out of the ministry has never mentioned that there is a 30 split.

**Hon. Mr. Kerrio:** That is not a single sort of involvement here. There are about three, are there not? It is a sliding scale here. It is not fixed.

**Mr. Pollock:** I would like the minister to spell out just where these small conservation authorities have not been doing a good job.

**Hon. Mr. Kerrio:** I did not hear that.

**Mr. Pollock:** Would you spell out where these small conservation authorities have not been doing a good job? I thought they had been doing a good job.

**Hon. Mr. Kerrio:** No, I am not saying that at all. We have \$1 billion worth of plant out there. They are controlling water and doing good things. What we are saying is that if three small authorities are amalgamated and they can have a couple of full-time staff and professionals added to their ability to manage that watershed, I think that is a more appropriate expenditure of the money than what hundreds of people who sit on the authority do. Instead of the people who right now are in executive positions, we are going to get those kind of people there to manage a watershed.

**Mr. Wiseman:** Some of those have nothing in common. When you amalgamate them, they will have nothing in common.

**Hon. Mr. Kerrio:** You are going to have every opportunity to make some comments while you are out for study.

**Mr. Chairman:** I think we should save the detailed debate on the conservation authorities until that vote.

**Hon. Mr. Kerrio:** Okay.

**Mr. Chairman:** Mr. Wildman, did you have a point?

**Mr. Wildman:** Not on this, Mr. Chairman. I thought the minister might be winding up his response.

**Hon. Mr. Kerrio:** Oh no, we are winding up at Monday.

**Mr. Wildman:** No, his response.

**Mr. Wiseman:** Wind him up, Mr. Chairman.

**Hon. Mr. Kerrio:** We have to deal with the Bugar report. As I said, you are going to be able to question Mr. Bugar in person.

The deer warnings: we will not touch that one for now. Turkey Point? Did you ever get anything about that?

**Interjection:** No, we were going to find out. It may be in the park. We do not know.

**Hon. Mr. Kerrio:** All right. We have a fair number of questions that have remained unanswered, and some of them may remain unanswered, but to the degree that we can co-operate with you and answer the questions that are left unanswered, we shall do that. Maybe it would be appropriate for us now to open it up, Mr. Chairman? You can do it in any way you see fit.

On vote 2701, ministry administration program:

**Mr. Chairman:** Thank you. Mr. Wildman, you had a point?

**Mr. Wildman:** In response to the minister's last comment, I appreciate that the sequence of events around here meant that his response to my colleague was immediate. Therefore, I suspect that is why he spent more time on it. But there were a number of specific matters that related to comments that I made that have not been answered and I would like to reiterate them and find out whether we can get some kind of preliminary response now or whether we are to wait till the specific votes.

The minister did mention the forest resource inventory. He knows that what I was talking about was Dr. Rosehart's comment that we should be spending \$3.1 million whereas right now we are spending somewhere in the neighbourhood of \$900,000. I was not talking about sending people out to count individual trees; I was talking about an ongoing effort rather than a 20-year cycle. I would like to know the response to Dr. Rosehart.

Specifically, I also asked for the response to Dr. Baskerville; where we are on the new forest policy, which was to be completed as of October 1988; where we are on the survey of the regenerated forest, which is to be completed next month; what could he tell us about the Ontario wood supply model, which was to be completed a year ago, and has the ministry done a major study on the mill demand and timber supply and what are the results of the study?

Also, I talked about the need for best end use, the lack of quality timber, how we are going to be

using the timber in the future, what new technologies are going to be developed and what the ministry's approach is with regard to developing chemi-thermomechanical pulp, for instance. I also asked specifically about the James Kayll study.

**Hon. Mr. Kerrio:** It is the Herridge report now.

**Mr. Wildman:** Yes.

**Hon. Mr. Kerrio:** Best end use?

**Mr. Wildman:** The wood allocation, who is involved, who the representatives of the industry were, what we are going to be doing with regard to sawlogs, pulpwood and so on and how we were going to ensure they got to the proper, appropriate mill.

I also specifically asked about the cutbacks that were mentioned at the forest industries breakfast: the cutbacks to the forest management agreements and the crown management units, regeneration in those areas and the cutbacks on the silviculture program. I gave you specific figures, which I had gotten from your estimates book, that indicate a significant cutback last year with some improvement this year.

But in essence your actual expenditures 1987-88, on the numbers I have, were in the neighbourhood of \$119 million, whereas two years ago they were \$132 million and last year \$171 million. It was a significant cut.

I asked if you could confirm the figures that were given at the meeting in Blind River about the cost per tree of the replanting programs, the FMAs, the private contractors and the work done directly by your own staff. I suggested about multiple use in parks, whether or not you would be prepared to—

Oh, before I go to that, I also specifically asked about what the ministry was doing to ensure that section 38 programs were not being abused in hiring cheaper workers on section 38 programs.

1726

**Hon. Mr. Kerrio:** That is a federal matter.

**Mr. Wildman:** No, it is not, because it is your ministry that is funding them, that is becoming involved with them, that is in fact using section 38 to get some of your work done. It is not a federal matter, it is your responsibility to ensure the taxpayers' money is used properly, just as it is the responsibility of the federal government to ensure that section 38 is not abused. It is not enough to say, "Okay, we'll use section 38 as long as the feds do not stop us."

I asked specifically about questions regard the fishing licences, the figures that were available compared to previously, the tourism strategy and how that relates to a proposal for tourism management agreements, whether or not the wetlands policy was going to cover class 2 and 3 under the Planning Act, what the policies were going to be for northern Ontario and whether or not the development of criteria for the north was a low priority as has been indicated, and, finally, the floodplain planning and what we could expect to have a policy statement under the Planning Act in that regard.

There were a number of specific questions asked in response to the minister's leadoff. I appreciate that the minister did not want to take up too much time today, but if he can give me some of that information today, it would be useful; if not, we will coming back to them in the individual votes.

**Hon. Mr. Kerrio:** In response to the members for Algoma, I would like to sort of lay some of this over and get involved in the specific votes to a greater degree. Right off the top of my head I can tell you that on best end use there is a report by Mr. Herridge in response to a request from Baskerville. That is there for examination as well as all of the other reports now. I have been advising that members were given copies.

It might be appropriate if they were to be examined and any way that we could get input from there would be appreciated. That is what they are out there. We are looking for the kind of dialogue, especially with our critics, in regard to that whole process. I am kind of pleased about the progress that has been made with the Baskerville report. There is of course still some left to be done, but the input from the two critics would be very much appreciated. I would like to deal with some of those issues as we relate to the individual votes. It is 2704, on the forest management agreement activity, where most of the questions stem from.

**Mr. Chairman:** All right. I think that is appropriate, because we had agreed as a committee to deal with—there are four votes left after the major one, if we deal with them on Wednesday and Thursday and then tidy things up on Monday. Are there other members besides the two critics who wish to get in on the first vote which is traditionally the head office vote which deals with general policy? Are there any questions from members who have not yet had an opportunity? If not, anything else on the first vote?



**Mr. Pollock:** I would not mind a comment from the minister. I heard a television documentary. I believe it was David Suzuki's comments on trouble with the forests. Sure, we all know acid rain is a problem out there, but in this particular documentary it stated that acid rain weakens the trees and then insects come along, defoliate them and cause them to die.

Being a farmer, I took real offence at that kind of comment. I believe that when insects come along and defoliate them, that causes the trees to die. As to whether acid rain has some part to play in it, it might well have, but to say acid rain killed the tree or pretty well had the trees dead, and then they came along and defoliated it—

**Mr. Wildman:** Ronald Reagan used to believe the trees caused the acid rain.

**Hon. Mr. Kerrio:** I am going to have one of my people speak to that.

**Mr. Pollock:** It does not make any sense to me. I have watched plants where they ate the leaves off them and those plants were done. To hear somebody on national television making that quote—

**Hon. Mr. Kerrio:** This is a very appropriate one, because I am sure my friend John Goodman has heard the question about the impact of acid rain as another element along with insect infestation. Maybe you would like to address that question.

**Mr. Chairman:** I do not think we want to get into that kind of detail on this first, head office vote. Can we deal with the general question of the first vote?

**Hon. Mr. Kerrio:** Okay, I will try this for a minute. To the critic, I think there is a great deal of relationship with humans as far as dealing with the tree is concerned, in the sense that if you taken it somehow, another element has a better chance to put it down. With some of these gypsy moths, we can defoliate two and sometimes three times and the tree will recover, but if you add to that whole process a drought and other elements, I guess there is some sort of acceptance.

John will answer this in some kind of depth. If you have acid rain impact, mostly, I think, on our deciduous trees—large-leaf trees, hardwoods—and then add the other elements of drought and insect infestation, I imagine all the elements, one layered on the other—were some of my guys going to nod yes down there or not?

**Mr. Pollock:** I tend to agree with you, but I don't really believe—

**Hon. Mr. Kerrio:** Having said that, I am going to ask John, in the appropriate vote, to look

into that matter for you and say some of the things I have said.

**Mr. Pollock:** As I say, I firmly believe when that they defoliate the tree, that causes the tree a lot of stress by far.

**Hon. Mr. Kerrio:** Okay, at the appropriate vote.

**Mr. Wildman:** On vote 2701, I note that in item 6, systems development services, there is a significant increase from the actual 1987-88 expenditure of \$2.3 million to the estimate for 1987-88 of \$3.5 million and now the estimate for 1988-89 of—

**Hon. Mr. Kerrio:** Excuse me. I want to make sure Mike Garrett is listening to the question, because I want to ask him to deal with this question. It is appropriate to this vote.

**Mr. Wildman:** Okay. You go from actual 1987-88 of \$2.3 million to an estimate in 1987-88 for \$3.5 million and then a considerable increase—not quite double, but close—in 1988-89 to \$6 million. I am interested in what the increases were and what they entail.

**Mr. Garrett:** The budget for systems is definitely up a significant extent.

**Hon. Mr. Kerrio:** Let me interrupt you just for a minute. I want the record to show that Michael Garrett is the assistant deputy minister, administration, at Natural Resources.

**Mr. Garrett:** The systems budget is up significantly, and that is with some significant forethought. We have determined that in a ministry such as ours it is essential to grab hold of our whole information management program, so that the various kinds of information, whether it is collected in the field organization in forestry or whether it is in fisheries information or wildlife information, is available across the board, because the different programs operate on an integrated basis.

**Mr. Wildman:** What is this, computerization?

**Mr. Garrett:** One of these processes is developing standards so that information is exchangeable between programs. Part of it is computerization and part of it is common formats for information, so they can be stored in a similar way and can be recalled when necessary for purposes of resource management. Most of it has to do with the storage and recall of information and setting the standards so that can happen easily.



**Mr. Wildman:** What do you anticipate after this year? Do you anticipate extrapolating a continual increase in this item or are you levelling off? You have gone up substantially in one year. I am just wondering if this is going to continue or where you are at.

**Mr. Garrett:** No, it is going to level off. Part of the cost increase was for staff to operate and put into place the ministry-wide corporate systems for handling various kinds of data—technical staff who are trained in handling hardware and software and being able to respond to the field staff who are storing the information. There will be a maintenance element to that in the future, but the amount will not go up exponentially.

**Mr. Wildman:** Is this in any way related to a response to Dr. Baskerville's criticisms?

**Mr. Garrett:** Yes, it is.

**Mr. Wildman:** Could you explain how.

**Mr. Garrett:** As I tried to earlier, it is trying to make sure that any data we collect in the ministry is collected and stored in such a fashion that it is all recallable. We collect a lot of different information in the ministry right now and it is stored between our district offices, our regional offices and the main office. One of the things we want to be able to do is have it in such a format that we can get at it and use it for resource management decisions. Although this was started before Mr. Baskerville reported, there is no question but that he has put the emphasis on it.

**Mr. Tough:** The only complementary remark I would make is that in a decentralized ministry, it is quite apparent we have a long way to go to get our systems integrated enough so that the elements of the system talk to each other and understand one another. There has been a consistent theme from all the people who have commented on our information systems and so on, that we have to get those systems totally integrated. If you go into our various offices, I think you will find a lot of hardware and a lot of software. The big job now is to systematize that or else we are going to be both inefficient and inadequate in providing advice to the public.

**Mr. Wildman:** The only other question I have on this is on vote 2701, item 9, field administration, if that is in order.

**Mr. Chairman:** Yes.

**Mr. Wildman:** If you look at the numbers there, you do not see the same progression. In actual 1987-88, it was \$43 million. It dropped—

**Mr. Black:** Mr. Chairman, on a point of order: It is hard to believe the government

members of this committee appear not to have material that is available to the opposite members. We wonder if this is some kind of fraud that has been perpetrated.

**Mr. Wildman:** Talk to the minister. He is one who hands out the information.

**Mr. Chairman:** There is a long-standing tradition around here that members on a committee should be treated equally.

**Hon. Mr. Kerrio:** I hope that is a comment and not a question.

**Mr. Wildman:** I am sorry. I am just working from the estimates book; that is all.

**Mr. Chairman:** I think the problem is that some of the committee members have changed and when the material was distributed to the committee, some of the present members were not members of this committee.

**Mr. Black:** It is very difficult for us to take part in any meaningful way in this exercise if we do not have copies of the material.

**Mr. Chairman:** We have noticed that.

**Mr. McGuigan:** We would never blame it on the opposition.

**Mr. Wildman:** I am on page 10, vote 2701. We were talking about item 6. You saw an increase in item 6, systems development.

On field administration, item 9, if you look at the actual 1987-88, it was \$43 million. That was substantially over the estimate which was almost \$35 million. The estimate for this time is \$35 million, which is still less than the actual for last year. I would like to know, first, why the actual was so much more than the estimate. What were your extra expenses? Would they relate to fire protection, for instance? What was it? Why do you think you are able to get along with \$3 million less this year than what your actual expenditure was?

**Mr. Garrett:** The major reason for the change in the field administration activity was because of a change in the budgetary practice. In previous years, field administration had been—it is hard to define this sort of thing—charged to various different programs, when in fact we change our standards of who and what kinds of staff should be eligible to be charged to field administration.

**Mr. Wildman:** What do you mean by "field administration?"

**Mr. Garrett:** Field administration includes the district managers, financial and administrative support in the district offices, people who deal with cross-program activities. We refine

We found that what was happening in previous years was that some of those charges made to, say, the forestry activity or the recreational activity and really were not a part of where the actual administration was occurring.

The comptroller of the organization, the assistant deputy minister of administration decided a change in the practice for allocating those dollars. What you see here in the estimates for 1989 is bringing it more into line with what actual expenditures are for those kinds of administration that involve integrated program management.

**Mr. Wildman:** Can you tell me how much of an approximately \$9-million difference between the 1987-88 estimate and the actual was a keeping change and how much was an increase in expenditure?

**Mr. Garrett:** I cannot give you that specific answer, but I can get that information for you.

**Mr. Chairman:** Any other comments or questions on vote 2701?

**Mr. Wildman:** It might be useful for some of the new members of the government party—it sounds funny; I am being co-operative—to realize that if you have overall policy questions, this is the time to raise them. We have been doing estimates for some time.

**Mr. Black:** I appreciate that piece of advice. I need all the help we can get.

**Mr. Dietsch:** I think that is a valid point the member is putting forward to those of us who are on this committee. I, for one, appreciate it, as I am sure the rest of my colleagues do. I have some comments to make in reference to some of the comments that have been cropping up in terms of costs; for example, minister, in relation to the discussion about the building of the roads to Ministry of Transportation standards or to conversion of the roads to be used for tourism and to outfitters, etc. Do we have a dialogue in respect of how many kilometres or miles of roads are in that relationship? If we were to fulfil those kinds of requests, what kind of dollars are we talking about?

**Mr. Wildman:** You are talking about the dollars, are you not?

**Hon. Mr. Kerrio:** We have a very accurate inventory on it. It is just a matter of where we go and how we put that to use. The only thing about it is that we could get you a little more detailed information and deal with that under the proper heading, if you let us come back with that information for you.

**Mr. Dietsch:** I guess the point I am trying to make is that it is all well and good to want some of these things to be put into place, but on the other side of the coin, there are only so many dollars to go around. If you are going to spend those kinds of dollars to build those kinds of facilities, where are the dollars going to come from? What other part, in respect to the estimates, are those dollars going to come from?

That is the reason I asked the question, so that I have a clear understanding of what we are talking about and can take into balance the kinds of requests being made.

**Hon. Mr. Kerrio:** We will come back with specific answers to your question under the proper vote. Then, if you want to get involved a little more, we will bring up one of our people who can appropriately answer the questions.

**Mr. Dietsch:** I would appreciate that.

There was some other earlier discussion, as well, relative to the Temagami issue in respect of the types of co-operation that tried to go out in the early stages. If you will recall the other day, I became somewhat frustrated by the types of discussions that were going on.

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**Mr. Wildman:** I was being provocative.

**Mr. Dietsch:** Yes, that is true. You were being very provocative.

**Mr. Wildman:** Let me correct my comments. It was not a comedy of errors; I think it is a tragedy.

**Mr. Dietsch:** He is still being provocative.

**Mr. McGuigan:** He is being poetic.

**Mr. Dietsch:** He is trying to be poetic but still being provocative. None the less, my understanding was that there was a great deal of trying to bring together a real era of co-operation in terms of all the discussions that went on in there, and there were some parties who did not want to participate, for whatever reason. I want to make that point clear, that my understanding of what happened is clear. The opportunity for people to participate in trying to bring co-operative effort on all parties was there, was it not, and there were some who backed out?

**Hon. Mr. Kerrio:** I think you raise a very interesting question. To speak about it and bring it into perspective, we have to go back to the original involvement where there was a declaration of the Lady Evelyn-Smoothwater Provincial Park and a commitment by the government of the day to say that there would be no lumbering activities there, that they would be more



appropriately moved into an area where there were mills, in the area we are describing, accessed by some roads of the day. But then if they had lumbering activities removed from the park area down into the Temagami area, there would be the need of roads.

Without getting into some of the other details, this is the way this unfolded. There was a major commitment to make a park that was a true wilderness park. Subsequent to that, the plan of the day had the maintenance of skyline and rivers that were even outside that park to show there was a commitment to keep that in as nearly a natural a state as they could. There were some people who described the area where there was lumbering going on as some kind of virgin forest area, when in fact that area had been logged since the 1940s.

I knew that T. B. McQuesten rebuilt the fort at Niagara-on-the-Lake with logs that were taken from Temagami in 1940, while there were pieces in the same newspaper on the opposite page saying, "Don't go in there and destroy this virgin forest." Those people who came at us without really looking into the realities and the truth of the matter caused us a lot of grief.

In addition to some commitments that were made so that in the overall picture we could take care of those people, the natives and the people who were very anxious about keeping a wilderness park, we enlarged the activity around Lady Evelyn down below to add waterways and made a commitment, a two-year or three-year agreement, to remove one road that was bisecting the park which many people were led to believe was logging within the park, but in fact was just a road that was bisecting the park.

We really were making a commitment to do good things—you might want to call it a tradeoff or whatever—with good-thinking people who would say, "Yes, they have made a real effort to do this." It was always understood, and if you want to get into the realities of it, a bit of an unfair description of what was left to be managed for the wood resource.

Some of the multiple-use people could not go along with the consensus either and then we had a very serious problem. It all unfolded in the way we had made major concessions. There are those who say now, "Well, what about the concessions that were made in order to deliver a whole package?" We did make the concessions. We made a true wilderness park of Lady Evelyn and added all those other initiatives.

It is rather a disappointment that it finally is unfolding the way it is, because there are

opportunists who would take advantage of circumstances. There is a great deal of misunderstanding about the area. I have said that in the media. I have said they are not examining it, being realistic about the whole process then we have already made major commitments. I felt would encourage people to say, "Well, they have made the major commitments in the area of the park, that there could be...."

Then we were going to set up a management unit to examine the rationale of dealing with the interests of the natives, the tourism operators, workers. Everyone was considered. We thought it was a model for all of Ontario. It was disappointing that it came apart because of people who decided they could do their own thing because of the high profile of this having us in an awkward position.

**Mr. Chairman:** Do you have a supplementary question to that?

**Mr. Wildman:** Yes. As the minister said, there was a consensus, if it ever was there, fell apart, and we are in a difficult position. I would say that it is his own making. Anyway, let's deal with the situation we have now.

As I indicated in my remarks in the House and also in my leadoff comments, we are in a situation now where we have Malcolm Rowan looking at the long-term wood allocation in the area and the viability of the restructuring possibilities there. He is going to report in January, it is hoped, and in the meantime William Milne and Sons is saying that it is going to have to shut down because the bank is calling the loan as of December 1. There is a \$750,000 loan guaranteed by the province, and you have the Teme-Augama Anishnabai still on the case because they have not seen progress in the settlement of their land claim through negotiation. What is the government intending to do in the short term, until it gets the report from Malcolm Rowan, to keep all the players in the game?

**Hon. Mr. Kerrio:** A major question is the course—and you know this—is the wood supply to the mill.

**Mr. Wildman:** I suggested reallocation.

**Hon. Mr. Kerrio:** We have made a commitment that there is wood for the mill. We do not want anyone to think that we are shirking our responsibility.

**Mr. Wildman:** Outside the area; not in the disputed area.

**Hon. Mr. Kerrio:** We are bringing wood from various areas. Just a minute, let's bring



perspective. As far as the natives are concerned, that is 4,000 square miles. Now, we cannot live with that, saying we are going to outside the disputed area.

**Mr. Wildman:** No, the particular, immediate problem is what I am asking about, and the immediate problem for the Indians is the road proposed into the area. That is what I am asking. You are not talking about supplying timber to Milne from that area as long as the firewood band is not satisfied that it has its concerns met and is on the road. Are you anticipating asking the police in to remove the band from the area so that you can get in there to build your road?

**Hon. Mr. Kerrio:** I think our involvement up to this point in time shows where we are.

**Mr. Wildman:** Yes, I commend you for not having done that, but you have made a commitment that there is going to be timber available for the mill. I am asking where from.

**Hon. Mr. Kerrio:** Outside that specific area. I have made a commitment to the supply, so there will not be those who would point the finger at us and say it is because there is no supply.

**Mr. Wildman:** All right.

**Hon. Mr. Kerrio:** Okay, I quite understand your question.

**Mr. Chairman:** When is the next statement going to be made in the House on this issue?

**Hon. Mr. Kerrio:** I am not prepared to say. In fact, it may not be in my hands.

**Mr. Black:** I have two questions. One is a straightforward question and the other is a very complex question. The straightforward one is, last night, I appeared at an Ontario Public Service Employees Union meeting and represented the government there and talked about the program that the government has to contract out. I want to know that I defended you against all charges, at some considerable risk to my life and limb.

**Hon. Mr. Kerrio:** I appreciate that.

**Mr. Wildman:** Sean Usher said you did a tremendous job.

**Hon. Mr. Kerrio:** What are friends for?

**Mr. Black:** Now, I want to tell you the second part of the story. I went camping this summer in one of your provincial parks.

**Hon. Mr. Kerrio:** Our provincial parks.

**Mr. Black:** That is what I said, your provincial parks. I had the opportunity to experience at first hand some of the advantages

of contracting out. The one that caused me great concern was the one that has to do with contracting out the cutting and sale of firewood. I want you to know, if those prices are typical across this province, you are missing a wonderful opportunity to bolster your revenues, because the prices being charged for firewood in some of our provincial parks are far beyond anything that is being charged in Metropolitan Toronto.

There is some frustration for a person such as myself to go to northern Ontario for a wilderness experience and find in the midst of all this plentiful firewood I am paying more than I have to pay to get a little bundle that big in downtown Toronto. If I am invited back by OPSEU and asked to defend you again, I just want you to know—

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**Mr. Chairman:** You are on your own.

**Mr. Black:** —I will be doing it with some less enthusiasm than I did the last time.

**Hon. Mr. Kerrio:** How much do you want to pay for your wood? You have got it.

**Mr. Black:** I worked out what they are getting for a cord of wood up there.

**Hon. Mr. Kerrio:** It is \$12,000 a cord.

**Mr. Black:** Just about; my estimate for a bush cord was \$15,000.

The worst part of it is that having cut the wood and put it in the park, the contractors then disappeared. When the wood ran out in the middle of July, since they had the contract to provide the firewood for that park, there was no firewood and there was no mechanism to get firewood to the park because no one was authorized to cut firewood for that park except the contractor, who was not to be found.

I do not tell you that to embarrass you. I just want you to know that I do want to defend you at every possible opportunity. However, now to the serious part of my question.

**Hon. Mr. Kerrio:** Was this during the firewood ban?

**Mr. Black:** No, it was not.

**Hon. Mr. Kerrio:** We thought that maybe they had good reason not to bring you wood because you city guys are very indiscriminate.

**Mr. Chairman:** We have a number of members who want to get in on this vote, Mr. Black, so is there anything else?

**Mr. Black:** Yes. I am trying to be precise, but it is the first chance I have had to speak in a week and a half.

**Mr. Chairman:** I understand.

**Hon. Mr. Kerrio:** Fire away.

**Mr. Black:** After listening to Mr. Wildman, you can appreciate the fact that I do want a couple of seconds.

**Mr. Chairman:** I do understand.

**Hon. Mr. Kerrio:** You are back on my side.

**Mr. Black:** Quite seriously, I have a very active hunting and angling group in both parts of my riding, on the Georgian Bay side and the Muskoka side. You may not have to worry too long about how long you stay in that ministry, because they now are ready to just about shoot you on the basis of some perceptions that I hope are not accurate.

One is that they sense this ministry is now an antihunting and antiangling ministry. They cite, for example, the new parks policy and in particular the problems associated with the parks on the perimeter of Algonquin Park outside the park boundaries, the waterway parks, in which they see a possibility of hunting being cut off in areas where there has been hunting for generations.

They cite to me the fact that they believe the moneys being raised by the new fishing licences are not being returned to the restocking program, as the commitment was made. They cite the fact that they believe the budget for feeding the deer programs in that area has been cut and that position has been supported in some of the hunters' and anglers' magazines.

I wonder if you might comment on your ministry's general attitude towards hunters and anglers in the province. Could you comment on the disbursement of the fees from the fishing licences, the deer feeding programs and the fact that under the review of the waterway parks specifically, there is still an option for hunting in those parks if it is determined by the people doing the review that it is not in conflict with other uses.

**Hon. Mr. Kerrio:** Let me start with the fishing licence. I think I am just on the verge of receiving a report from Dr. Crossman, who is the chairman of the Ontario Fisheries Advisory Council. When we first undertook to put a fishing licence in place with what I could describe as a user fee, we appointed the fish advisory committee under the chairmanship of a very excellent biologist in the person of Dr. Crossman, who works with the Royal Ontario Museum and chose people from around the province to sit on that advisory group.

The purpose of the advisory group is to make certain that the money is used in a way that is

acceptable to the people who put that money. Having collected some \$9 million for a full year and we expect about the same kind of revenue, the report will be available to me. After an independent examination and a talk with Dr. Crossman, everyone here will be entitled to share that report.

I am satisfied, in the sense that it was a prudent undertaking to commit myself but also to get a commitment from the Treasurer that those funds would be transferred, one of the very few times that we could earmark funds. Without those funds, which are now some 25 per cent of total involvement—I think about \$30 million from our tax base and the \$10 million now going into the management of that fish resource—I believe that a good case can be made that the money was put into the resource in a way that would be acceptable to the people who examine Crossman's report.

Why people would get the notion that what is anti anything is beyond me, because what we are attempting to do in the sharing of the resource across the province is to share it with those users. In fact, I have been steadfast about the opportunities for people who hunt and fish, as well as the users of the facilities.

When we made a commitment to the federal government to transfer a huge tract of land in the Bruce Peninsula for a national park, we were very firm on a commitment that we should have no hunting in a particular part of that park area, which was being transferred to the federal government. While the federal government said that was not possible in any federal park anywhere in Canada, that is not quite true, for there is hunting on the Bruce Peninsula where there is federal involvement.

Having said that, the next best thing we could do—and this is something we do not get credit for doing—for those people who had a very good reason to be made about hunting in that area, an area that was traditionally hunted, was to re-establish the boundary lines on that commitment to the federal government on some of the hunting areas in the Bruce Peninsula. So we did make a commitment that would take into account the other users.

As far as the deer feeding is concerned, I think some people get carried away in the sense that the deer has been established biologically that you do not get into the sort of management frame that we have for feed deer, unless it becomes absolutely necessary. We have seen a doubling of the herd because of the reasonably good weather, good forage and all of those things. There are people who would promote some kind of management of deer herds by feeding them, but our biologists say that is not appropriate.

However, in the event that we were to have four or five feet of snow in a given area where there are a fair number of deer, we would not hesitate to make a commitment to do what has to be done to help maintain that herd and to stop the impact of them having difficulty getting food.

There are many trends of thought about how we should go with that. Some people who have managed feeding over many years think that it is great to manage our deer herds with food that is brought to them. I accept what our biologists are saying. The very fact that the deer herd has doubled, even while we are still hunting, is an indication that they know what they are talking about. I would like to say to anyone who would suggest that we have any particular area that we are bending to, that it is not the case.

I suppose the worst thing that could happen to a politician is that everyone who deals with you gets upset with you. That may be the fact. What we are trying to do is be the people who decide on the administration of all the users. I would be very disappointed if there were those who did not

realize the opportunities that are out there, even though there is some restriction on parks, etc.

If you take the size of Ontario into account, the crown land that is out there, the doubling of the deer and moose herds and the commitment to wildlife, if these are not the best things that can be done for the sportsmen, then somehow I have not delivered the message and I am prepared to make certain that we deliver that kind of message in the future.

**Mr. Chairman:** I think we have run out of time. Can members hold their questions for the specific votes that are to come? Mr. Garrett, thank you very much for your assistance.

Items 1 to 9, inclusive, agreed to.

Vote 2701 agreed to.

**Mr. Chairman:** On Wednesday, we will deal with two votes, as agreed to earlier by the committee: votes 2702 and 2703, which are lands and water and the outdoor recreation program. Let us try to stick to that, so that we actually get to forestry on the last day.

The committee adjourned at 6 p.m.



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### STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitutions:**

Fawcett, Joan M. (Northumberland L) for Mrs. Stoner

Pollock, Jim (Hastings-Peterborough PC) for Mr. Wiseman

**Also taking part:**

Villeneuve, Noble (Stormont, Dundas and Glengarry PC)

**Clerk:** Mellor, Lynn

**Witnesses:**

**From the Ministry of Natural Resources:**

Kerrio, Hon. Vincent G., Minister of Natural Resources (Niagara Falls L)

MacDonald, David, Special Assistant, Policy and Legislative

Tough, George, Deputy Minister

Garrett, Michael R., Assistant Deputy Minister, Administration



No. R-20

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Wednesday, November 30, 1988



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, November 30, 1988

The committee met at 3:29 p.m. in room 228.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** The resources committee come to order. We had finished vote 2701. I had voted on it, so today we will be dealing with 2702 and 2703 at least. If it goes further, it is further. Mr. Wildman, you had a point of order.

**Mr. Wildman:** Yes. You will recall that just before we had the vote on 2701, in answer to questions from myself and from you, the minister clearly stated that he did not believe there would be an announcement on Temagami.

**Hon. Mr. Kerrio:** Are we going to reopen this vote? Is that what we are doing here?

**Mr. Chairman:** No, he has a point of order.

**Hon. Mr. Kerrio:** A point of order, okay.

**Mr. Wildman:** The minister clearly stated that he did not expect an announcement on Temagami in the near future and then the very next day we got two announcements on Temagami. The minister also said, as I recall in answer to our question, that it was not in his hands. That is obvious. I would like to know what the explanation for this is. We have a clear statement from the minister one day and the exact opposite happens the next.

I asked, you will recall, whether or not the government was contemplating moving in to move the blockade on the road and I asked what was going to be done to try and resolve the land claim. You asked the minister whether or not there would be a statement. As I said, the minister said it was not in his hands, but he did not expect one in the near future. I would like an explanation. Perhaps the minister did not know, which could be, I suppose. I am searching for an explanation. The minister may not have known where he was going to be an announcement. He did say it was not in his hands. If that is not the case, I would like to know what the explanation is.

**Mr. Chairman:** I think Mr. Wildman is really seeking a point of information here as to the timing of the announcements on Temagami.

**Mr. Wildman:** More than that; as to the credibility of the minister.

**Hon. Mr. Kerrio:** What is the question?

**Mr. Wildman:** For crying out loud, you said on one day there was not going to be an announcement; the next day there was an announcement. I am asking why this happened.

**Hon. Mr. Kerrio:** Because I was not prepared to share it with you. Should I?

**Mr. Wildman:** In other words, you were not telling us the truth. Is that it?

**Hon. Mr. Kerrio:** Are you sitting in your place there and telling me that if there are things going on in the cabinet I am supposed to respond to you and tell you what is going to happen? Well, I just think that is not going to happen.

**Mr. Wildman:** Neither the chairman nor I asked anything about—

**Hon. Mr. Kerrio:** I said that I was not going to make a statement and I did not. Okay? Where are you going to go from there?

**Mr. Wildman:** Okay, we have to treat every answer from the minister in those terms from now on.

**Hon. Mr. Kerrio:** No. If I said something that would indicate that was not the case—I would have to see first.

**Mr. Wildman:** I would like the clerk to get the transcript.

**Hon. Mr. Kerrio:** Let's do that. Then we will talk about it after we see the transcript.

**Mr. Chairman:** We might also want to raise the matter of Temagami under either vote 2703, which deals with parks, or 2704, which deals with forestry.

**Mr. Wildman:** I am sure we will.

Vote 2702, lands and waters program:

**Mr. Chairman:** Any comments or questions on vote 2702? Can we deal with the whole vote rather than subsections?

**Mr. Pollock:** I take it this is where we should be bringing up our concerns about infestations of tent caterpillars, gypsy moths, spruce budworm, all that.

**Mr. Wildman:** That is not under this vote.

**Mr. Chairman:** I do not think so. I think that should best come under vote 2704, which is forest management. Is that all right?

**Mr. Pollock:** Okay.

**Mr. Chairman:** Here we are dealing with, if I can read you the main headings under 2702, conservation authorities and water management, aviation and fire management, extra firefighting, land management, resource access, surveys and mapping. Okay?

**Hon. Mr. Kerrio:** Fine.

**Mr. Chairman:** Any other comments?

**Mr. Wildman:** I have a number of questions I would like to raise with regard to this vote. First, just in looking at the estimates book on page 21, it appears basically that the total vote has been flat-lined. Is that correct?

**Hon. Mr. Kerrio:** Yes.

**Mr. Wildman:** I note that on most of the items there are reductions, except for administration and capital grants. Could you just explain, for instance, how you arrived at these cuts in salaries and wages, for supplies and equipment, where the cuts were made; and then in program operations?

**Hon. Mr. Kerrio:** Mr. Vrancart, will you deal with that issue?

**Mr. Vrancart:** Yes, I will. I am the executive co-ordinator of the lands and waters group. I can go through these accounts one by one if you wish and explain the variances, the substantial changes from the previous year.

Starting with the salaries and wages, there is a reduction of \$33,000. That is a result of the loss of one position. There is an increase in employee benefits. That happens in the estimates each year as employee benefits increase. There is a reduction in transportation and communications of \$88,000. That is as a result of internal constraints within the ministry to try and reduce our travel expenditures. Services went up by \$113,000. This was a requirement for additional funding to fund the hydrometric gauging agreement which we have with the federal government. That was an uncontrollable cost. It was passed on to us from the federal government. We had to meet that obligation with the federal government to maintain these stream gauges.

**Mr. Wildman:** For flood protection.

**Mr. Vrancart:** Yes.

Supplies and equipment went down by \$286,000. That was because, in 1987-88, there was a heavy volume of sandbags purchased for the Great Lakes emergency shoreline protection program and that was not required last year. The acquisition and construction of physical assets went down by \$400,000, and again that was

related to the fact that 1987-88 was a flood year and 1988-89 was not.

In the conservation authorities' transfer payments, there is an increase of \$386,500, which is mainly inflationary. That was the result of application of a four per cent across-the-board inflationary increase in the administrative activities of all conservation authorities. In program operations, there is a reduction of \$504,000. Although operations also received that four per cent across-the-board inflationary increase, there was also a decrease in this particular allocation because of the land tax rebate program, approximately \$2 million which has been transferred to the outdoor recreation activity, about which my colleague Mr. Christie would be happy to answer questions during his vote.

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The capital grants increased by just over a million. That is as a result of the four per cent increase that went to the conservation authorities as well. Most of that money is associated with the high-priority flood and erosion control projects in the authorities across the province.

**Mr. Wildman:** This is a small matter, but with regard to the sandbags you mentioned, while there was not a serious flood year, thank goodness there were some flood situations.

I was contacted by an individual, actually a constituent, who was in the Goulais River floodplain. There was a flood there this year; actually, there were two floods. He contacted the Ministry of Natural Resources to ask for sandbags. They said, "Oh yeah, sure." Now this is when water is around his house and coming in his basement. He asked for sandbags and they said, "Oh yeah, we've got sandbags. They're empty." So now he had the situation that he got lots of sandbags but no sand in them and there was water in his house.

**Mr. Mahoney:** You have to be specific, but you know that.

**Hon. Mr. Kerrio:** It is the sand that costs money to ship.

**Mr. Wildman:** Is it your policy to give out sandbags without any sand when the guy is trying to protect his house?

**Mr. Vrancart:** I hope that our policy is not to give out empty sandbags. They are not of much use to anybody.

**Mr. Wildman:** He certainly found that. I just hope that changes in future.

With regard to the conservation authorities, could the minister explain, if the current proposed changes to the conservation authorities g



gh, the consolidation and amalgamation of conservation authorities and the cutting of membership, how much the government expects it will save in transfers to conservation authorities for administration, travel and these other things?

**Mr. Kerrio:** In round numbers, we are going to cut some \$5 million across Ontario in the conservation authorities. But having said that, we are going to put \$5 million to the new program from the government coffers in order to help to upgrade the combined authorities with staff and that kind of thing. We are going to reinvest the savings, about \$5 million.

**Mr. Pollock:** I think what you are saying is that the Burgar report is going to be passed in its entirety. Is that what you are saying?

**Mr. Kerrio:** No, no; it is out there for consultation right now. Mr. Burgar is here. Why don't you come up and talk about it, Bob? Bob Burgar is the assistant deputy minister for northern Ontario. His responsibility is developing that report and now putting it out for public review. We are talking about the impact on the budgeting. The question was: How much is the government going to be and what are we going to do about budgeting for conservation authorities?

**Mr. Burgar:** If all the changes were accepted, which is the amalgamations plus the change in the rate, there would be a saving of \$5 million. The report proposes that that \$5 million be put back into the program and another \$5 million be added to it.

**Mr. Wildman:** In terms of capital grants as well?

**Mr. Burgar:** In terms of either capital or operating funds, yes.

**Mr. Wildman:** Is it appropriate at this time to ask questions related to flood control and wetlands, or is that another vote?

**Mr. Kerrio:** I think it is in a separate vote. Flood control is here. Wetlands—

**Mr. Chairman:** That is the outdoor recreation program, vote 2703.

**Mr. Wildman:** Okay, but I can raise questions regarding flood control here?

**Mr. Chairman:** Yes.

**Mr. Wildman:** I understand that you have a number of studies being done on how to—

**Hon. Mr. Kerrio:** Excuse me, Bud. I just want to bring two people back who will be appropriate to answer these questions.

**Mr. Wildman:** Okay. I understand that there is a number of flood control studies being done

in the province by the ministry and/or conservation authorities. Could you tell me how many and which floodplains?

**Hon. Mr. Kerrio:** Well, are we talking about the floodplain mapping?

**Mr. Wildman:** No, I am talking about the reduction of floods.

**Mr. Vrancart:** There is a program within the ministry, a shared-cost program with the federal government called the flood damage reduction program. I do not have the details of how many of those projects are currently under way, but I would be happy to get them for you and make sure that it is in your hands tomorrow.

**Mr. Wildman:** That is fine. I would appreciate it if you would also let me know not just in terms of the projects that are ongoing, but which studies are being done by your regional engineering people with regard to flood damage reduction and where they are at.

**Mr. Burgar:** Do you wish to include all the work being done by the conservation authorities as well?

**Mr. Wildman:** I do not want detail. I just want to know which rivers we are talking about and whether it is a project that is ongoing or one to be studied. That is all I want to know.

**Hon. Mr. Kerrio:** For instance, there is the Goulais in the system. That is one of the questions that would be appropriate as far as the member from the area is concerned.

**Mr. Wildman:** It is not just my own area. I am very well—

**Hon. Mr. Kerrio:** I appreciate that. I would say that it would be interesting to note if that was the point.

**Mr. Wildman:** All right.

**Mr. Mahoney:** My question is around the treatment of ice, the control mechanisms that are put into rivers and the storage areas that are created. I do not know if this is a problem around the province. I know that it has been a problem in the greater Metropolitan Toronto area; certainly in Mississauga it has been a major problem.

I wonder if you could have someone tell me what your ministry is doing with regard to the breakup of ice, the acquisition of floodplain lands along river banks that are to act as storage areas and where I might find that in here, if I am in the right area.

**Mr. Burgar:** This would be the right vote, but that is the same question Mr. Wildman asked in essence, as to what studies are ongoing now. Or



do you wish to know how much land has been acquired as floodplain land?

**Mr. Mahoney:** It is not exactly the same; what Bud was asking has to do more with flood control. I realize that ultimately the ice becomes the flood, but I am interested in where in here it would show the construction of ice breakup facilities within a river and the subsequent acquisition of storage facilities. Looking through this, I see \$500,000 for acquisition and construction of physical assets on page 21, if I am reading it correctly. I do not know if it is under there, if it is part of the million dollars in the flood damage reduction, if it is in some other general program operations or exactly where it is.

I would like to get a handle on what your ministry is doing around the province to deal with the breakup of ice and the actual construction. My question is not whether it is pillars in the river or exactly what the design is, but what we are doing to address that through the conservation authorities in the rivers. Also, when you break it up, the ice has to go somewhere for storage purposes. Have we dedicated ourselves to any kind of land acquisition program for ice storage facilities?

**Mr. Burgar:** The money that you are talking about is in the \$22 million and the capital cost there, under the conservation authorities. There are specific projects in at least two rivers that I know of for ice breakup. In both those cases, as the ice breaks it goes into the lake. The pillars are at the mouth of the river. You do not store them behind the pillar, you let them get into the lake.

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**Mr. Mahoney:** The Credit River has had a program which is in place. It is not at the lake, it is substantially north of the lake.

**Mr. Burgar:** You are talking about upriver.

**Mr. Mahoney:** I am just wondering if that is a program around the province that is being addressed, and also the acquisition of floodplain lands for storage purposes. If you do not know the answer, I would be happy to wait for it. I would like to know if it is a problem or an issue that has been addressed around the province, or is for some reason, in the areas that I am familiar with, unique.

**Mr. Burgar:** We can find out and get that answer. I know the problem of ice control is a problem around the province and has been addressed in various ways.

**Mr. Mahoney:** It has gotten dramatically worse in some areas; for example in the urban communities where many golf courses are built

alongside a river, the golf course gets destroyed every spring. We have had bridges knocked and literally millions of dollars of damage caused by the ice. I would assume that we are unique, that similar situations would occur in other parts of the province. I would like information on to what extent the ministry is addressing that problem with the conservation authorities and perhaps the private property owners. One other question, if I might?

**Mr. Wildman:** Could I ask a supplementary question on that one?

**Mr. Mahoney:** Sure.

**Mr. Wildman:** I understand there was a proposal considered by the ministry to look at technology that is being used by the Canadian Coast Guard on the lower St. Lawrence River to see if it is applicable to any waterway in Ontario, that is the use of hovercraft for breaking ice.

**Mr. Burgar:** I know we have looked at that on the lower end of the Thames River; but as far as I am not sure that there was a specific report on that.

**Mr. Wildman:** The Canadian Coast Guard did a report. I understood that the ministry was considering that report to see if there was anything that might be applicable to waterways in this province.

**Mr. Burgar:** We can find out about that. I do not know that one myself. I would have to get that.

**Mr. Vrancart:** Perhaps I can respond to that. The minister sent you a letter on October 2, 1981, in response to a letter of yours asking about the use of hovercraft as icebreakers. In that response, it indicated that we intended to look into the feasibility of using hovercraft, particularly in regard to the situation at the mouth of the Great Otonabee River. There were a number of issues that had to be addressed there, in terms of whether or not there was sufficient water depth below the ice to cover for the hovercraft to work, and making sure that all of the ice is broken up, is down the river before getting in there. This winter the intention is to look into and study that. We will get back to you once we have done that.

**Mr. Chairman:** Thank you. Mr. Mahoney, back to you.

**Mr. Mahoney:** I have a question, again in a general sense, dealing with bank erosion. I cannot find it specifically in looking at the document, but I assume that it would be in this section as well: I am interested in providing information by the ministry, both for the stabilization of river

...s and/or for acquisition of land to bring it the public purse to resolve some of those problems. I just wonder if someone can point me the proper dollar amount that we are using and me some indication.

**Hon. Mr. Kerrio:** I am sure some that would be under conservation authorities in transfer is to do stabilizing and those kinds of things they would be in the priority list, I would imagine. I would then ask if there is any more that you might share.

**Mr. Mahoney:** The reason I ask is that it sometimes seems to the residents in the catchment areas that the house has to be sliding into the river before it gets stabilized. I know that that is the case, because there are many ongoing programs, but that perception sometimes is there. If I could have more details on it, I would appreciate it. I have a very major river going right through my riding, the Credit, and there are a lot of problems in that regard.

**Mr. Bugar:** We could get details. The money for that is essentially in that \$22 million in conservation authority's capital projects. There is a priority system—a prioritization mechanism, if you will—for conservation authority projects that come in. That is looked at annually, and there is always some difference of opinion as to where certain projects lie on the priority system. I assume the folks who lie below the line usually feel they are more urgent than the folks who are above the line. That has to be dealt with, because there is a limited amount of money. I can get you details on that, if you like.

**Mr. Mahoney:** I would appreciate it, if you could. I am simply subbing on this committee, I may not be here, but I would appreciate receiving that information anyway. Perhaps the committee would like it as well.

**Mr. Tatham:** I am just wondering about flood control and drought control, whether there are dollars available to encourage rural people to plant enough trees to ensure that we do not get the runoff in the spring of the year, and also enough trees perhaps to contain moisture, because if we have the same type of weather another few years, we have farmers who get pretty uptight in the bottom end of my area. We have fishing, aquaculture, tobacco and dairy, and there is only too much water and not enough to go around. I just wondered what kind of dollars we have for whatever to stop the runoff in the spring and also perhaps contain, because we are cutting more and more trees in our area and we need to do something about it.

**Hon. Mr. Kerrio:** I think we are in another vote, not that we are not going to answer the question. There is also another involvement with the conservation authorities, but in forest management agreements and in some areas there, I think we would respond to anything we might do in planting.

**Mr. Chairman:** But are you seeing this as a water control problem?

**Mr. Tatham:** Yes.

**Hon. Mr. Kerrio:** All right. Then we do have some areas where conservation authorities are involved. To the degree that we are, maybe my people could answer.

**Mr. Bugar:** If I may, the conservation authorities, and I think especially in the southwest, do have active programs in terms of both wind-break planting and other smaller types of plantings on the stream banks. Those programs are available and are implemented as the authorities have money to do so.

**Mr. Tatham:** I just feel that somewhere along the line we have to do a better job of co-operating, whether it is the Ministry of the Environment, or the Ministry of Natural Resources or whatever, because I have received a number of phone calls and some letters regarding the situation of who is controlling the water, and we have to do a better job, in my view.

**Hon. Mr. Kerrio:** You might also make an appeal to the Treasurer (Mr. R. F. Nixon).

**Mr. Tatham:** All right.

**Mr. Chairman:** Okay, Mr. Tatham?

**Mr. Tatham:** This is a general question. A few years ago, they were crying about the water level along the lakes coming up and then all of a sudden the water goes down. I just wonder how much control we have over it. Is the good Lord looking after it or is it a matter of helping the Lord by planting more trees back along the tributaries?

**Hon. Mr. Kerrio:** The leader of the official opposition came on so strongly that we overreacted and we brought the water down so much that we are having difficulty now bringing it back.

**Mr. Wildman:** Are you claiming that we are responsible for the lack of rain this year?

**Hon. Mr. Kerrio:** No, but if he had not put quite so much pressure, maybe we would only have taken it halfway down. I think we are talking about a very difficult sort of thing to build something into. Let me give you a typical example of how some people react at a time of high water, and sometimes we have to be so careful that we do not allow them to persuade us.



For instance, some people were thinking that during the high water it was a good time to divert water down into the United States basin. People in my own area thought we should channel out the Niagara River to lower those basins above.

But then the realities were that if you were going to contemplate anything like that just, to take care of the high waters, you would be obliged to build structures in the event of low water.

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We are not working on this in isolation. We are looking at it, in some cases, with a great deal of study that is going on with the American Army Corps of Engineers because of the international impact.

That is generally the problem. It is not a one-sided problem. Of course, we have had difficulty this year with low water in some of those areas. So, yes, we examine those. We certainly try to be conscious of it where we can impact on it and to a minor degree. People think they are involved in a major degree but, in a sense, they are not. There is Ontario Hydro and some isolated areas where they control levels, as does the federal government on some of the canal systems. But it really would require, if you are going to do something that would indicate some control, to do major channelling and restructuring and then major control structures to be able to contain the water in times of severe loss of precipitation or any other reason that would lower the water level.

The International Joint Commission is also one of the bodies that would have some responsibility there, but certainly, that is the problem. And it is mega-bucks.

**Mr. Dietsch:** Just a supplementary to the minister's comments. I think, in relation to some of the comments you are making, that there is a very delicate balance in the water level. If the water level is not kept down to a point where it is perhaps a little on the low side, then there are several millions of dollars that will have to be expended, both from government and private sources, in order to preserve the shorelines, taking into account the difference in wind shifts and what happens, under the circumstances you relate, with regard to the Niagara River and the Lake Ontario shoreline. It is a very delicate balance.

I have some very deep fears in terms of managing that water level at a very close level. It is more a statement than it is a question I realize, Mr. Chairman.

**Mr. Chairman:** No, it is okay. If I may interject here. It is good to see Ron Christie in audience because I remember when he was nearly as big a honcho as he is now. It was in Sudbury. Whenever there was a change in water levels, I know my phone just rings off the hook constantly because there are Inco dams there are all sorts of dams in the area. It drives everybody around the bend. Mr. Christie always said it was the government's problem— not— Okay; Mr. Pollock.

**Mr. Pollock:** I would just like to hear comments of Mr. Bugar on gabion walls, gabion baskets.

I know of one situation where the abutments for a bridge were fortified by gabion baskets and then the ice came along and tore the baskets apart in pieces and then the first thing you know, the bridge was not safe.

In other areas, these gabion walls are used quite extensively, and really, they last longer than I thought they would because really, they are not too much holding them other than that with a basket there. And as I say, they are used extensively in a lot of areas. What is the overall picture across the province?

**Mr. Bugar:** With regard to the stability of gabion baskets?

**Mr. Pollock:** Yes.

**Mr. Bugar:** They are used quite extensively as you say. They have proven to be a very useful tool in controlling river bank erosion.

In some places, again, as you have pointed out, they may have failed. But in general, they are a very useful tool in quite widespread use.

**Mr. Pollock:** How do they compare with solid cement or solid stone or that sort of thing? Do you know that ice can really tear them apart.

**Hon. Mr. Kerrio:** They do not compare, Jim.

**Mr. Pollock:** They do not compare?

**Hon. Mr. Kerrio:** They do not compare.

**Mr. Pollock:** Well, okay.

**Hon. Mr. Kerrio:** You know, the gabion thing goes back to the days of the Romans when they made the mesh out of bulrushes. So, it dates way back and it is kind of an interim sort of repair rather than a permanent type repair. When you want to do some of the things that you are describing, you would have to get into shoring, piling and concrete reinforcing. In some instances, to take the risk that you are going to put gabions in and get away with it for a while is a very practical thing to do. I would imagine, Bob.



it is generally where we would use that method.

**Mr. Pollock:** Of course we know that what is in place on the Rideau Canal—and that has been there for years and years—is solid stone work, and erosion baskets are not going to be around that long.

**Hon. Mr. Kerrio:** It is probably Queenston limestone.

**Mr. Pollock:** Yes, that is for sure.

This is more of a technical question and it will not surprise me if you do not know the answer. How are things coming as far as putting up a dam on Squire Creek is concerned? Do you know anything about that? That would be under the auspices of the Lower Trent Region Conservation Authority.

**Hon. Mr. Kerrio:** Are we building a dam?

**Mr. Burgar:** I can find out, but I do not know for hand, no.

**Mr. Pollock:** I would not mind knowing just where it is at, because that has been talked about and more or less discussed for years and years.

**Mr. Mahoney:** It sounds like a political question.

**Mr. Pollock:** Not necessarily.

**Mr. Chairman:** It will be ruled out of order if it is. Anything else, Mr. Pollock?

**Mr. Pollock:** No.

**Mr. Wildman:** On item 4, regarding aggregate resources and site rehabilitation, page 27, can you tell us, in regard to the new Aggregate Resources Act—

**Hon. Mr. Kerrio:** I might share an overview with you and then, if you want to ask some detailed questions—

**Mr. Wildman:** All right.

**Hon. Mr. Kerrio:** Who are we going to bring up here?

**Mr. Tough:** Ron Vrancart is here.

**Hon. Mr. Kerrio:** You are okay then on this one. On the Aggregate Resources Act, I would say in general what we are looking to do is to develop something that has been sort of an arrangement that needed a commitment so that when there is aggregate extraction, there is going to be rehabilitation, that municipalities that are impacted by the extraction are reimbursed with funds that would be collected during the time of the extraction.

The major item is there will be a process where we will guarantee rehabilitation and help to the communities that are affected. Beyond that,

there are some very important aspects of it related to areas that are designated—I imagine that is where you might have some concern—wayside as opposed to permanent type. I am sure if you want to ask specific questions on some of these—

**Mr. Wildman:** I would like—

**Hon. Mr. Kerrio:** Oh, excuse me. My deputy wants to make a comment.

**Mr. Tough:** Might I just remind the chairman and members that the bill was in for first reading. It is now out for comment by various interests and we have received quite a number of comments, including those from Mr. Wildman. We are examining those very closely and we would look very favourably on any further comments that people want to offer. If the member wished to take this occasion to talk about some specific parts of the bill, complementary or supplementary to what Mr. Wildman has already written to us about, we could talk about that as well. We would like to hear—

**Mr. Wildman:** No, I do not want to do that. You have already offered to have a meeting with me to talk about it. I appreciate that and will be taking you up on that after the estimates are over. But my concern is with regard specifically to designation.

I remember when I first raised the question of what had happened to the Aggregate Resources Act—this is some months ago—and the minister got up and assured the House that he was going to be bringing in a new bill. I asked him at the time what application it would have in northern Ontario. He said, “Don’t worry, it’s going to cover”—well, he did not say it was going to cover northern Ontario. I cannot remember his exact words, but he said it would apply to northern Ontario. Of course, it applies.

My question, though, with regard to designation, is that in the north only the regional municipality of Sudbury, the city of Sault Ste. Marie and the city of Thunder Bay are designated.

**Hon. Mr. Kerrio:** Are designated.

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**Mr. Wildman:** Are designated. Basically, my reading of the bill is that it is going to stay that way.

**Hon. Mr. Kerrio:** There is an opportunity, of course, to designate areas that should be designated in the future. If there are any comments that might be appropriate, I think we could answer the question.

**Mr. Tough:** Might I just raise this to Mr. Wildman: One of the things we were trying to

balance in northern Ontario was the question of the protection mandate, which we would certainly fulfil through this bill because it does apply there, and the question of the intensity of the review process and so on. We have received from Mr. Wildman a request that we extend the designation in a quite widespread fashion throughout northern Ontario. At least earlier on we had received some representations from northern Ontario that they did not wish that to occur.

**Mr. Wildman:** It is not surprising.

**Mr. Tough:** That is right; it is not surprising. What we are trying to do there is to balance the need for protection, which we would certainly want to fulfil, against an undue regulatory burden in some of the unorganized areas and so on. As we said, we are still getting views on that. Unless I am wrong, we have not received a view from the municipalities that we ought to extend that designation, but I could be wrong on that.

**Mr. Vrancart:** I was just going to comment that I am not aware of any further comments from municipalities wanting to extend the designation. It is our intent, if and when the act is passed, that the current areas designated under the Pits and Quarries Control Act would be the areas designated under the new Aggregate Resources Act.

However, depending on the funding we get for the implementation of the act, we are hopeful we will be able to extend designation throughout northern Ontario, starting initially with the north shore, the area between Sudbury and Sault Ste. Marie.

In addition to that, this new act provides for an aggregate permit that applies on crown land. That particular permit will help resolve some of the inequities we have in areas like Sudbury where you have townships that are currently designated beside areas of crown land where the operator in that designated township has to comply fully with what is now the Pits and Quarries Control Act, whereas the person who is outside that designated area simply has to get a quarry permit under the Mining Act and does not have to comply with all the onerous requirements of the Pits and Quarries Control Act.

**Mr. Wildman:** It is a question then of whether it is fair competition.

**Mr. Vrancart:** That is right. We hope to resolve that situation through the use of aggregate permits.

**Mr. Pollock:** I do not have the bill right here in front of me. Is there going to be one set of rules right across the province? Does any particular municipality or region have input into this or can

they topload it with some of their own rules regulations?

**Mr. Vrancart:** Basically, the way this act is set up, one of its responsibilities is to regulate the resource across the province and it does that through three means: through licences in designated areas; through the wayside permits that are basically for application to road construction projects by public authorities; then through aggregate permit on crown lands.

The rules, as far as this act are concerned, will apply in those areas where that particular form of regulation is the appropriate form. When it comes to the question of the interaction between a municipality and the Ministry of Natural Resources in the licensing process, certainly the Ministry of Natural Resources will have to take into account the concerns of municipalities. The minister has the authority to impose conditions upon any licence he grants to any operator, but none of these licences, in that sense, will be exactly the same in terms of the conditions that they have to live up to.

**Mr. Pollock:** Yes, but that scares me just a little because I would almost prefer to see one hard set of rules right across the province, yet in certain areas it costs more to build and repair roads and that sort of thing, and let's face it, so many municipalities have the dollars to rebuild roads and other ones do not.

**Mr. Vrancart:** There is a great deal of discretion in this act and there will also be a great deal of discretion in the administrative policies that will be necessary for the staff of the Ministry of Natural Resources to implement this act. In those areas where we believe we can vary the requirements of the licence to meet the circumstances in various local areas.

**Mr. Mahoney:** Local option.

**Mr. Pollock:** Yes, but I am a little afraid of that. That is what I am saying. Sometimes people play games with that.

**Hon. Mr. Kerrio:** Well, no, I think it is important there to assess circumstances in a given area. They might be quite different, and it would be very difficult to have any kind of a regulation after the bill was passed that would apply to an area where there is a small municipality and small extraction, against somewhere in a large municipality with a large extraction. There has to be some latitude as to how we deal with those differences.

**Mr. Pollock:** I know. That is the same concern I just mentioned to this chap. I do not



ive a hard and fast rule either to correct that  
ht at the present time.

**Hon. Mr. Kerrio:** Actually, we might be  
dressing a question where some municipalities  
ould not have any money flowing in there to  
lp repair the roads at that point in time. This is  
e of the things that is going to happen.

**Mr. Pollock:** I realize that. There are some  
at are operating on a shoestring right now.

**Hon. Mr. Kerrio:** That is right.

**Mr. Chairman:** Did you have a supplementa-  
r, Mr. Tatham?

**Mr. Tatham:** Yes, I did. This is probably  
ore a comment than a question too. We have  
ree quarries and two cement plants in our area.  
fact, we even supply aggregate for  
aldimand-Norfolk region. The problem I find  
land use planning is that even though it is in  
e official plan that it is designated for quarry,  
at it is for aggregate, somehow real estate  
ople sell a lot, a person puts up a nice house  
nd all of a sudden somebody wants to develop a  
arry or whatever.

How do we communicate with the real estate  
ople? How do we get the facts through, "Look  
your official plan, look at your zoning, find out  
hat you're doing"? It is a problem in our area.

**Hon. Mr. Kerrio:** I am not sure it would be  
appropriate for us to be warning people of that  
ind of circumstance. I think if you are in an area  
at has a plan, you should have a reasonable idea  
f what is going to happen in that given area. I am  
ure there are obviously times when there are  
urprises, but I do not feel it would be appropriate  
or us to have them—

**Mr. Tatham:** Have we asked the real estate  
people to comment on the Aggregate Resources  
ct?

**Hon. Mr. Kerrio:** I think it is pretty open. I  
think it went to municipalities and everything.  
We would not pick out specific groups to send it  
o, but it is an open forum.

**Mr. Tatham:** Let's face it, that is where you  
get all the hoorah. The municipal people often do  
not care that much; it is the people who are beside  
t. They are the people who put up the hoorah  
because all of a sudden they build a house and  
somebody is going to open a pit or a quarry or  
something and they say: "You didn't tell us.  
They sold us the house. We didn't know what  
was going to happen."

**Hon. Mr. Kerrio:** Mr. Vrancart is going to  
comment on this, but remember that when they  
are going to get a permit to open a pit or a quarry

and there is a residential area there that is rather  
new, that is one thing, as opposed to where there  
might be a pit that has been there for years. I think  
it would be taken into account when you issue the  
permit.

**Mr. Vrancart:** Among the many good com-  
ments we received back from the public while  
this bill was out for comment was one that I think  
might help solve this problem. It is the concept of  
putting up a sign on the property, very similar to  
the ones you will see when you are talking about  
changes in zoning bylaws that will permit  
increased densities or the building of apartments  
in urban areas. The same sort of thing would  
apply on a piece of land in the rural area. It would  
indicate that this property is a property where  
somebody has applied for a licence to establish a  
pit or quarry. That would be one way of giving  
notice to those people who are intending to  
purchase or do something in those areas.

**Mr. Dietsch:** Like hunting and fishing? We  
have hundreds of acres up there that are  
designated for quarry. You would have signs all  
over the township, do you not?

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**Mr. Vrancart:** But it would only apply in  
those cases where there was an application for a  
licence.

**Mr. Tatham:** I am just saying that the official  
plans said this was what it was going to be 10  
years ago.

**Mr. Tough:** I think the member made a very  
valuable point. I think we have seen, in a number  
of areas, cases where people took less time to buy  
a house than you do to buy a pair of shoes. They  
discovered after they bought the home that they  
had some neighbours they did not know they had.  
That is something we will have to work harder on  
in publicizing the contents of the official plan and  
making sure the real estate people are at least  
aware of this.

Beyond publicizing the fact that there is an  
official plan and that it contains land uses, we do  
not see any way at the present time to compel the  
real estate people to disclose that. That is another  
matter. There have been suggestions made in a  
number of places that there ought to be some  
reference on the ownership document saying that  
this is next door to a pit and quarry. Those kinds  
of comments—

**Mr. Tatham:** Or that it could be a pit and  
quarry.

**Mr. Tough:** That is right. That raises a  
number of difficulties. I think the member raised  
a very good point. At the very least, we have go



to be more aggressive in working with the municipalities and publicizing the fact that there is a plan and that it has these land uses on it.

**Mr. Tatham:** Years ago, people would accept this because it was a quarry area and they would buy a house and they knew it was in a quarry area. Today, people move from the city out to the country and all of a sudden this lovely pastoral scene has changed to jackhammers and explosives.

**Mr. Mahoney:** You are getting quarries and we are getting landfill sites—put up signs saying there could be a landfill site.

Before we leave page 23 and I just have one question, if I can. In the description it says, "The activity includes funding for a project in China." Could somebody tell me about that?

**Hon. Mr. Kerrio:** What page are you on?

**Mr. Mahoney:** Page 23; aviation and fire management activity, item 2. At the top, it describes the project and then says that it includes funding for a project in China.

**Hon. Mr. Kerrio:** On fire management? Funding for this operation in China?

**Mr. Mahoney:** Yes. I am not familiar with it. I wonder if you could tell me about the operation and the dollars involved.

**Hon. Mr. Kerrio:** I think some of our people may have been there. In central China, at a place called Jagadequi, we have some of our units over there training Chinese firefighters as part of a plan that has been, I think, funded by the federal government, with our co-operation. Because they lose a great deal of timber to fire. We agreed that we would participate in sending some of our people. At the same time, they have people over here training. We have someone who might explain that.

**Mr. Mahoney:** Is that in our twin province in China?

**Hon. Mr. Kerrio:** No. Mr. Lingenfelter, do you want to come up and just run that by? Lou Lingenfelter is director of aviation and firefighting or fire management. How would you describe that, Lou?

**Mr. Lingenfelter:** Aviation and fire management. We have contracted with the Canadian International Development Agency to transfer fire technology to the Chinese people in the Jagadequi areas, as the minister has said. We have been involved with this since 1984. We send people over to China to help them in our concept of fire management, which we call the

decentralized command and control system. We pass that technology on to them.

We bring people over to Ontario and take them through our operations and provide them with specialized training in the areas of command and control. We are in the last year of a five-year project; which is scheduled to terminate in 1989, although CIDA is asking us for a small extension to complete the project.

**Mr. Mahoney:** The concept is really great. I think. Could I get some idea how much more we are spending on it.

**Mr. Lingenfelter:** I think the total—I stand to be corrected on this and I can come back to you—would run around \$3 million to \$4 million.

**Hon. Mr. Kerrio:** Can you break that down a little. What is CIDA and what is our cost?

**Mr. Lingenfelter:** The total cost is paid by CIDA.

**Mr. Mahoney:** So there is total cost recovery.

**Mr. Lingenfelter:** That is right; it is a cost transfer.

**Mr. Mahoney:** We just provide expertise and we bill that back to them.

**Mr. Lingenfelter:** That is right.

**Mr. Mahoney:** Great; thanks very much.

**Mr. Dietsch:** On page 31, you make reference to surveys and mapping activities and the cost seems to be a fairly substantial reduction. I would like to know whether that is a result of the completion of mapping, or are you scaling down your mapping initiatives? Can you explain that reduction?

**Mr. Vrancart:** Yes, I would be happy to explain that. The reason for that reduction is that in the two years prior to this year we had a special funding in the amount of \$4 million from the Management Board of Cabinet to do a feasibility study on our Ontario basic mapping program. We completed that two-year feasibility study. There has been a brief hiatus during this year and we expect to be back next year, in 1989-90, with a program that will see the Ontario basic mapping program completed for this province in 1997.

**Mr. Wildman:** Is this part of the overall cutbacks in the ministry?

**Mr. Vrancart:** No, this was a specific initiative. It was a deal that we entered into with the Management Board to make sure we had the technology and the ability to set the standards and to transfer those to the private sector. We proved working with communities such as Oxford County, that we are capable of doing this and everybody has been satisfied. As I mentioned

has just been a one-year gap in that program.

**Mr. Dietsch:** So the moneys for that program be reintroduced next year.

**Mr. Vrancart:** Yes, you will see them next year. You will see an increase next year in the rates in that area.

**Mr. Dietsch:** In the long range, the viability of project will be to do much of the province.

**Mr. Vrancart:** Yes, the rest of the province be completed by 1997.

**Mr. Dietsch:** Is this the area in your budget for floodplain mapping for drainage ditches, comes in as well?

**Mr. Vrancart:** No, that is done under the conservation authorities in the first item.

**Mr. Dietsch:** That was done under the other item.

**Mr. Vrancart:** Yes; item 1.

**Mr. Chairman:** Do you want to raise a matter on that?

**Mr. Dietsch:** No, it is fine. It was relative to same line of questioning, in terms that those projects for floodplain mapping are still ongoing until the balance of drainage ditches in the province are completed. I did not see the figure.

**Mr. Vrancart:** I believe the flood damage reduction program, which is a cost-shared program between the province and the federal government, is coming to an end, but that does mean floodplain mapping is coming to an end. Indeed, just last week the minister and the minister of Municipal Affairs (Mr. Eakins) sent a letter to all the municipalities in the province the new floodplain policy under the Planning Act. Included in that policy was a 150-page implementation guideline that provides many of the technical standards for carrying out floodplain mapping in municipalities. I guess there is an expectation that more of this mapping is going to be carried out with these new standards by municipalities.

**Mr. Dietsch:** I guess that is the only comment you would make. I can probably have the ministry people provide with me a breakdown of that new policy.

**Mr. Vrancart:** We would be happy to send you a copy of the policy, if you like.

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**Mr. Chairman:** It matters not to the chair how long we take on any one vote, but we had agreed to do two votes today and the next vote deals with parks. That would be an appropriate time to deal

with the Temagami question that Mr. Wildman brought up. We have the Hansard from Monday here as well and I still have Mr. Hampton, Mr. Tatham and Mr. Wildman on this vote.

**Mr. Hampton:** Just going over some of the firefighting costs and estimates: What does the ministry pay a pilot or captain of one of your large water bombers?

**Hon. Mr. Kerrio:** We will bring our chief firefighter on deck again.

**Mr. Hampton:** What do you pay a captain of one of your large water bombers, the CL-215? The captain or the pilot.

**Mr. Lingenfelter:** Are you asking on a daily or annual rate?

**Mr. Hampton:** On an annual basis.

**Mr. Lingenfelter:** On an annual basis, it would be in the area of \$40,000 to \$45,000, I believe.

**Mr. Hampton:** That is last year?

**Mr. Lingenfelter:** Yes, this past year.

**Mr. Hampton:** When you arrive at the figure of \$40,000 to \$45,000, what does that include? How do you arrive at that figure?

**Mr. Lingenfelter:** Salaries, living expenses, I think that would be basically it.

**Mr. Hampton:** Benefits are included in the salary?

**Mr. Lingenfelter:** Yes.

**Mr. Hampton:** Is overtime included in that?

**Mr. Lingenfelter:** Yes.

**Mr. Hampton:** How much of it is living expenses?

**Mr. Lingenfelter:** Out of that, I would say somewhere around \$10,000 to \$15,000 probably.

**Mr. Hampton:** Is living expenses?

**Mr. Lingenfelter:** Yes.

**Mr. Hampton:** Is this living expenses while away from home?

**Mr. Lingenfelter:** No. We station them, say in Dryden for example, and pay them living expenses while they are there.

**Mr. Hampton:** If they reside in Dryden, would they receive living expenses even though they reside there?

**Mr. Lingenfelter:** Yes, they have that. Sault Ste. Marie is the headquarters for them. We are basing them out of Sault Ste. Marie and repositioning them in these localities.

**Mr. Hampton:** What about benefits? What portion of that \$40,000 to \$45,000 would be benefits?

**Mr. Lingenfelter:** Salary benefits, I think, run around 17 per cent.

**Mr. Hampton:** Seventeen per cent of what?

**Mr. Lingenfelter:** Of the base salary.

**Mr. Hampton:** What is the base salary?

**Mr. Lingenfelter:** I do not have that with me. I am sorry. I could provide it for you.

**Mr. Hampton:** I was told that the base salary is \$21,000.

**Mr. Lingenfelter:** That could be, yes.

**Hon. Mr. Kerrio:** Are we clear on the time?

**Mr. Lingenfelter:** That is for a five-month operation.

**Mr. Hampton:** How is the overtime calculated?

**Mr. Lingenfelter:** Overtime is normally calculated after eight hours' flying or a day's work.

**Mr. Hampton:** What is the regular duty day, though?

**Mr. Lingenfelter:** It depends on the activity going on. If there is a fire going on and they are bombing, they could be flying 12 hours possibly. But if there is no activity, then they could be sitting on the ground.

**Mr. Hampton:** For eight hours.

**Mr. Lingenfelter:** Yes. Or they could be on standby, depending on the alert at the time.

**Mr. Hampton:** So the base salary is \$21,000 for five months. If the fire season should be greater than five months—in the northwest, for example, some of the fires started very early this year. Some of them started in April. April, May, June, July, August, September, October—what is the arrangement for pay then?

**Mr. Lingenfelter:** They would be paid accordingly. The pay would be extra.

**Mr. Hampton:** So the \$21,000 is about \$4,000 a month?

**Mr. Lingenfelter:** Approximately, yes.

**Hon. Mr. Kerrio:** Are you applying? I thought you might be a pilot.

**Mr. Hampton:** Not at this rate, no. What do living expenses include?

**Mr. Lingenfelter:** It includes accommodation and an allowance for meals. We put them up in a motel; we pay the motel bill plus meals.

**Mr. Hampton:** So the practicality is that everybody is based out of Sault Ste. Marie whether they work out of, say Dryden or Timmins? So if you are working in Sault Ste. Marie, you would not receive living expenses?

**Mr. Lingenfelter:** That is right. This provincial fleet. We do not have any water bombers working out of Sault Ste. Marie. We have them pre-positioned in the northern part of the province.

**Mr. Hampton:** If you are hired out of Dryden fire centre and you are positioned at Dryden fire centre and that is your home, do you receive living expenses there?

**Mr. Lingenfelter:** If that is your home, yes.

**Mr. Hampton:** So the only time you would receive living expenses is if—let's say you are shipped up to Red Lake, then you would receive living expenses.

**Mr. Lingenfelter:** That is right.

**Mr. Hampton:** Not every pilot would receive living expenses?

**Mr. Lingenfelter:** Well, I do not recall pilots who are living in Dryden who we put on CL-215 program.

**Mr. Wildman:** We probably make sure they do not.

**Mr. Hampton:** If I read what you are saying, living expenses could come to three quarters of your base salary: \$10,000 to \$15,000 living expenses, base salary of \$21,000.

What if you are a copilot of a CL-215 instead of the pilot or the captain? Do you know what the base salary is there?

**Mr. Lingenfelter:** No, I do not. It would be a few thousand less in terms of total bucks at the end of the season.

**Mr. Hampton:** Just a ballpark figure. What is the cost for a CL-215? What does a new one cost?

**Mr. Lingenfelter:** About—

**Hon. Mr. Kerrio:** One of them costs under a dollar.

**Mr. Hampton:** Are you gambling again?

**Hon. Mr. Kerrio:** Every second one costs under a dollar.

**Mr. Chairman:** I think we are talking about the balance of them.

**Hon. Mr. Kerrio:** Oh no we are not; we are talking about the CL-215 water bombers.

**Mr. Lingenfelter:** On the balance of them, they pay about \$7.5 million.

**Mr. Hampton:** About \$7.5 million per plane?

**Mr. Lingenfelter:** And if you have them turbined they will be more.

**Mr. Hampton:** Can I ask the minister how much he pays his chauffeur?



**Hon. Mr. Kerrio:** Sure you can. It does not mean I will answer.

**Mr. Hampton:** How much do you pay your staff?

**Hon. Mr. Kerrio:** I think it is about \$23,000.

**Mr. Wildman:** How much is his car worth?

**Hon. Mr. Kerrio:** Remember, he has a lot of other problems.

**Mr. Hampton:** He probably has a heavier load.

**Hon. Mr. Kerrio:** That too.

**Mr. Hampton:** It is my understanding that the ministry plans to cut your regular fire crews from 31 to three.

**Hon. Mr. Kerrio:** No, I think from six to three.

**Mr. Lingenfelter:** Every year we go through a planning process in terms of looking at our programs for the upcoming year. We are in the process right now of looking at a whole number of alternatives. No final decisions have been made on anything.

**Mr. Hampton:** I know the people who work on the fire crews in Dryden, Kenora, Fort Frances, fairly well. What I am told by them is that word has come down the line to them to get paid for three-person crews.

**Mr. Lingenfelter:** There are lots of rumours going around.

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**Mr. Hampton:** Has the ministry done an estimate or tried to look at the health and safety factor in going from a larger crew of five or six to three-person crew?

**Mr. Lingenfelter:** Looking at options, we look at all kinds of things like that, yes. If we are going from five to three or six to three or whatever, we would look at all those impacts.

**Hon. Mr. Kerrio:** Just one comment because we do not want to in any way inhibit anybody asking the question, but that is not an issue of estimates. We are talking about next year, considering this. But as I say—

**Mr. Wildman:** That is part of the problem.

**Hon. Mr. Kerrio:** It is not in this year's estimates.

**Mr. Wildman:** But it is part of the policy.

**Hon. Mr. Kerrio:** I just wanted to make sure you understood that.

**Mr. Hampton:** So this will not be implemented this coming summer?

**Hon. Mr. Kerrio:** Or next season.

**Mr. Lingenfelter:** Our budget goes to March 31.

**Mr. Hampton:** Yes, I understand.

**Hon. Mr. Kerrio:** We are talking about after that.

**Mr. Hampton:** Okay. What would your average person working on a fire crew make? I am talking about your regular fire crew, somebody who is working on your regular five-person crew. Do you have any idea what they would make on a five-person or six-person crew?

**Mr. Lingenfelter:** Again, in a day or a year?

**Mr. Hampton:** In a day or an hour.

**Mr. Lingenfelter:** About \$45 or \$50 a day.

**Mr. Wildman:** Are you including overtime in that?

**Mr. Lingenfelter:** No.

**Mr. Wildman:** He gets paid straight time?

**Mr. Lingenfelter:** They get paid overtime after eight hours.

**Mr. Wildman:** So when you said \$40 to \$50 a day, that is just for eight hours?

**Mr. Lingenfelter:** That is right.

**Mr. Hampton:** What does an EFF—I understand by that term an emergency firefighter—get paid?

**Mr. Lingenfelter:** I do not have the rates with me. I do not know.

**Mr. Hampton:** Could you provide those?

**Mr. Lingenfelter:** Yes, sure.

**Mr. Hampton:** I understand that emergency firefighters do not receive the Canada pension plan, unemployment insurance, Ontario health insurance plan or any other kind of pension coverage. The only thing the ministry covers them for is workers' compensation. Is that correct?

**Mr. Lingenfelter:** I believe that is correct. I am not positive.

**Mr. Hampton:** I understand there is some reflection being given to increasing the EFF forces; in other words, increasing the EFF capacity, at the same time that you would be cutting the regular crews. Is that part of the scheme?

**Mr. Lingenfelter:** No. I have not heard anything about that.

**Mr. Hampton:** Who would make the decision on that then?

**Mr. Lingenfelter:** If it were going to happen, it would go before our executive management

committee and it would be approved by the deputy. But that is conjecture.

**Mr. Hampton:** If I look at 1987-88 and 1988-89, there was an awful lot of money spent on firefighting. It is a good thing that there was a lot of money spent on firefighting or I probably would not have a constituency any more. The question that comes to my mind is, if the plan is there to cut the regular firefighting forces or it is being considered to cut the regular firefighting forces from six- or five-man crews down to three, how are we effectively going to fight fires if we have another fire season like the last one?

**Hon. Mr. Kerrio:** I do not think that changing of the crew numbers has a thing to do with being effective firefighters. I think it is something they have been examining to see if the most efficient crew is three people or six people. That has nothing to do with the number of people who are going to be required to fight fires in a given season. I do not think it is related at all.

I do not mind my people having a different view. I want to share everything we can with you. That is my feeling about it. If you have one six-man crew or two three-men crews, you have six people on the job.

**Mr. Hampton:** Are you going to keep the same total number of firefighters? If you do cut—

**Hon. Mr. Kerrio:** It depends on the fires.

**Mr. Wildman:** No, no, regular crews. We are not talking about emergency crews.

**Hon. Mr. Kerrio:** Lou can answer that question as to how many would be kept on standby.

**Mr. Lingenfelter:** I have to repeat that we are just in a planning process for next year. We are looking at all our options. There have been no decisions made on any of what you are speculating on.

**Mr. Hampton:** Even though you may be moving from a six- or five-person crew to a three-person crew, you cannot say categorically that you will maintain the same number of regular firefighters?

**Mr. Lingenfelter:** No, we might be increasing our number of firefighters. We do not know that yet.

**Mr. Tough:** If I might, what we are concerned about, and we would be quite pleased to talk to the member or any other members about their concerns, is that I think Mr. Lingenfelter and I recognize we are accountable to our minister and he to the Legislature on the effectiveness of the fire crews. Before we take that decision or any

other decision affecting the firefighting act in the ministry and talk about it with our minister, we are going to be absolutely sure that we can do it with some confidence to the minister and say we are at least maintaining the capacity to fight those fires.

**Mr. Dietsch:** As I understand it, the discussion is centred around page 23. Is that correct?

**Mr. Tough:** Yes. Next year's page 23.

**Mr. Dietsch:** Do I read this correctly that there has been an increase in the budget in that particular area of salaries and wages?

**Mr. Lingenfelter:** There is a small increase in salaries, but the budget is basically flat-lined between the two years. When you take out the purchase of the 215s, it is basically flat-lined. There is a small increase, besides inflation in salaries for pilots and engineers to cope with the additional 215s that came on in that period of time.

**Mr. Dietsch:** I am just not sure I follow that. Flat-lined means to me that the budget has been cut once you factor in inflation.

**Mr. Lingenfelter:** No, it is—

**Hon. Mr. Kerrio:** If you look at all the budgets, I cannot believe that we can talk about any cuts in this budget, because what happens is that we strike a budget, just an average, and we are always adding considerable money to fight the fires as we address the need. At one time we had 70 aircraft in the air. We did not own all of them. That was over 2,000 firefighters, and that is something that is one of the only open-ended areas, I guess, that my ministry has. We do not have enough money in there to do what needs to be done in a given fire season.

**Mr. Dietsch:** I guess that is the point I was getting at in relationship to this particular area. This area is sometimes overspent, I assume.

**Hon. Mr. Kerrio:** We added another half a billion this year.

**Mr. Tough:** This year the actual will be considerably higher than the estimate, because it is driven by the level of fire activity. I think it will balance out this year to something like 23 dollars and \$57 million will be in extra firefighting.

We have an understanding with the Management Board that we get a base allocation with which we are supposed to maintain our activities and provide a certain level of firefighting activity. Then over and above that, we can go back to Management Board and get the money we require for extra firefighting, which in turn



se of this year will turn out to be about \$57 million.

**Mr. Dietsch:** So there is more money.

**Mr. Tough:** There will be more in there.

**Mr. Dietsch:** That is really what I was trying to determine.

**Mr. Tough:** I hope that is a partial response to Mr. Hampton, who has a concern about the amount of money that is in there. We do have a budget and then we have—I can think of no other ministry that has the ability to go back and get the money that is required for extra firefighting.

**Mr. Pollock:** We have talked about airplanes fighting fires and the fire crews. I used to see cutters of bulldozers in there working. Do we try to fight fires with them any more or are we totally fighting fires with planes now?

**Hon. Mr. Kerrio:** Our expert is here. I am certain that is the case: fire-breaks and all of that sort of thing.

**Mr. Lingenfelter:** We still use large equipment quite extensively in fighting fires, yes.

**Mr. Pollock:** Have we our own bulldozers or do you lease them or rent them?

**Mr. Lingenfelter:** No. Usually the forest companies that work with us in firefighting provide them themselves, with their own operators. Over and above that, we will lease or rent additional machines.

**Mr. Pollock:** It must be quite a problem, though, to get some of those bulldozers in ahead of a fire, and of course if would be kind of dangerous too, because there is always a risk of them getting on fire.

**Mr. Lingenfelter:** Yes, there are many areas where we cannot use that kind of equipment, where we cannot get them in. In many areas, though, particularly on timber licences, we can use that machinery and we do. The companies provide them with no problem at all and we also bring in additional equipment as required, where we can.

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**Hon. Mr. Kerrio:** In many cases, the water bombers are performing a very important aspect of firefighting, and that is initial strikes. All the other areas we have described, of course, are other parts of the whole firefighting management involvement.

**Mr. Chairman:** Anything else on this vote?

**Mr. Hampton:** Yes.

Going back to page 23, I want to distinguish between standard fire management activity—that is, what is in the regular budget and what you have for regular crews—and extra firefighting activity. I take it that before you can get the extra firefighting activity out there, you have to get the money.

**Hon. Mr. Kerrio:** No, we just go out there and fight the fires and tell them what it costs and the Treasurer (Mr. R. F. Nixon) transfers the money.

**Mr. Hampton:** Would the people you hire under the extra firefighting budget be regular crews or would they be what you would call the emergency crews?

**Mr. Lingenfelter:** They would be over and above our regular number of crews in terms of what comes out of the package.

**Mr. Hampton:** They would be emergency firefighting crews.

**Mr. Lingenfelter:** That is right.

**Mr. Hampton:** What I want to draw your attention to is that in 1987-88, you had allocated for aviation and fire management, in terms of salaries—you actually spent \$26 million. You estimated only \$25.7 million in 1988-89. You were gambling that 1988-89 would be a better year than 1987-88.

**Interjection:** Hoping.

**Mr. Hampton:** Hoping it would be a better year.

**Hon. Mr. Kerrio:** I do not think that is a factor at all. We do not guess. We just put in the base. Does anyone here recall ever not drawing from the extra firefighting money?

**Mr. Lingenfelter:** No, it has never happened. We have always used the extra firefighting money.

**Hon. Mr. Kerrio:** Really, we do not have a problem with it. I think firefighting is one area where there is no problem with budget.

**Mr. Hampton:** I am not concerned about that. I want to draw some distinctions. In my experience, your regular firefighting crews are well-trained and quite capable. I have seen some of the emergency crews and sometimes they are not well-trained and very capable. If in fact this amounts, from 1987-88 going into 1988-89, to a cut in regular crews or if it is going to involve a cut in regular crews going into 1989-90—you are in the policy-making process now for 1989-90.

**Mr. Lingenfelter:** There were no cuts in crews between 1987-88 and 1988-89.



**Mr. Hampton:** How about in crew numbers.

**Mr. Lingenfelter:** None.

**Mr. Hampton:** So you had the same number of regular firefighting crews.

**Mr. Lingenfelter:** That is right. The 1987-88 estimate is \$22.6 million; the 1988-89 estimate is \$25.7 million. The estimate is up just slightly over \$3 million.

**Mr. Hampton:** I see that.

**Mr. Lingenfelter:** We probably did not have the actual number to work with when we were dealing with the 1987-88 estimate. That is why it is maybe a little bit lower than the actual. I am just guessing.

**Mr. Hampton:** The important thing is that when you look at page 25, extra firefighting activity, that does not pay for regular crews; it pays for emergency crews.

**Mr. Lingenfelter:** That is right.

**Mr. Hampton:** I guess you would not have the actual 1988-89 cost. Do you have an estimate on what the actual 1988-89 cost was for extra firefighting crews' salaries and wages?

**Mr. Lingenfelter:** Total cost? Crews salaries and wages? I am sorry; I do not have it, not for 1988. I can give you the total bill but not for the extra firefighting crews.

**Mr. Hampton:** My real concern in all this is that if you compare employee benefits under the regular crews and employee benefits under EFF crews, employee benefits are much less under EFF because you only pay for workers' compensation.

**Hon. Mr. Kerrio:** That is right.

**Mr. Hampton:** My concern would be that if there is a movement to replace regular crews with EFF crews as a cost-saving measure, it is not a good one.

**Mr. Lingenfelter:** I recognize that and agree with you. I am not aware of any move to do that.

**Mr. Chairman:** I have Mr. Tatham, Mr. Wildman, Mr. McGuigan and Mr. Pollock. Do you want to cut it off on this vote and move on to the—

**Hon. Mr. Kerrio:** Before you move on, now that we have clarification—

**Mr. Chairman:** We are not moving on yet. We are going to hear from these four people and then move on to the vote that deals with the Temagami issue.

**Hon. Mr. Kerrio:** Do you want me to wait until then?

**Mr. Chairman:** Yes.

**Mr. Tatham:** On Page 32, geographic re-encircling: Mr. Dietsch made the comment that things were down a touch, but I wonder, do we share this information, say, with finance for assessment mapping?

**Mr. Vrancart:** The Ministry of Revenue is actually responsible for assessment, but as it turns out, just to make it even more confusing is the Ministry of Consumer and Commercial Relations that does the mapping for the assessment maps that are used in municipalities. Yet we do work very closely with MCCR. They have a project called Polaris, which is a land-related information system that is dependent upon the Ontario basic mapping system to create the data for the assessment maps. So the Ontario basic map is done first and then the assessment information is laid on top of that by MCCR.

**Mr. Tatham:** What method are they using now?

**Mr. Vrancart:** What method are they using now?

**Mr. Tatham:** Yes.

**Mr. Vrancart:** They have all different types of standards with respect to maps, ranging from hand-drawn maps to maps that are based on whatever surveys they have in those municipalities. The aim, over the long run, is that the two will be brought together on the same standard which is called the universal transverse Mercator standard, and we are moving in that direction this time.

**Mr. Tatham:** Through geographic referencing.

**Mr. Vrancart:** Yes.

**Mr. Tatham:** I see. That was my point because my understanding is that what we are doing in our own county certainly has a high standard. We are trying to go in that direction right across the province; is that not so?

**Mr. Vrancart:** That is right. The standard you have used in Oxford county is the standard of the Ontario basic mapping program. That is a very high standard and it is highly sought after elsewhere in the world. It is a piece of technology we hope to export. In fact, we have exported it and we have people coming in every month to visit our surveys and mapping branch to look at the work we are doing in this area.

**Mr. Wildman:** On pages 29 and 30—I raised this in my leadoff comments—I am very concerned about the ministry's abandonment of forest access roads and access points; this is iter-

In the estimates I notice cuts in salaries and wages, employee benefits, supplies and equipment. You have a substantial cut in supplies and equipment of close to \$2 million. Can you tell me how you were able to make those cuts?

**Mr. Vrancart:** I am sorry; I do not have the details with me specifically of the reason for that drop of \$1.7 million in the supplies and equipment account, but I would be more than happy to get that for you.

**Hon. Mr. Kerrio:** We will take any questions noted, but we do not have them here.

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**Mr. Wildman:** I would appreciate it because I am very concerned, as I said at the outset, about the number of forest access roads that are not being maintained, particularly access points, and the effect this has on tourism in northern Ontario. The way you were able to make those cuts was simply cutting the work you are doing, and therefore you do not need as much equipment and you do not need as many salaries because you do not have as many employees, that has serious ramifications for tourism in northern Ontario. Basically, I would like to know from the minister, if you are not going to spend the money, who is? What agency of government is going to maintain these roads?

**Hon. Mr. Kerrio:** The access roads?

**Mr. Wildman:** Yes.

**Hon. Mr. Kerrio:** You do not propose that we are going to maintain 32,000 kilometres of access roads.

**Mr. Wildman:** You always speak in the extreme.

**Hon. Mr. Kerrio:** Certainly, that is extreme.

**Mr. Wildman:** I am talking about the ones you need to maintain that you are not now maintaining. I am not talking about all of them.

**Hon. Mr. Kerrio:** I think we are going to maintain the roads that need to be maintained for our purpose, silviculture and all of the things that use roads—

**Mr. Wildman:** I wish you would travel on some of them and find out what the condition of the roads are.

**Hon. Mr. Kerrio:** As I said, there are some that we cannot maintain and are going to close. With bridges and so on that cannot be rebuilt, those kinds of things, I think it is appropriate to realize that there is just no way the ministry can support the kinds of roads that have been built.

**Mr. Wildman:** That is exactly what my question was. If you cannot do it, who is going to do it?

**Hon. Mr. Kerrio:** Is it necessary to do it if the roads are no longer needed?

**Mr. Wildman:** What is needed in your mind is not necessarily what is needed in mine.

**Hon. Mr. Kerrio:** What is so funny about that? If we build a road for harvest and to do our silviculture, are you telling me then it should be maintained for as long as you would like to maintain it?

**Mr. Wildman:** No, that is not what I am telling you. You know I am not telling you that.

**Hon. Mr. Kerrio:** Well, that is what I am telling you, though.

**Mr. Wildman:** I am not telling you that you have to maintain it for ever and ever. I am telling you, though, that when you also authorize the development of a tourist operation that is dependent on those roads—

**Hon. Mr. Kerrio:** I accept that as a reasonable criticism.

**Mr. Wildman:** —and then you destroy the bridges that tourist operation uses, you are destroying and not maintaining a road that is needed.

**Hon. Mr. Kerrio:** As I said, the road was built for a specific purpose in the first place and that is the initial purpose we take into account—the need that is required principally. Are you suggesting that if we build a road that people understand is designed for that single purpose, and if you then build some kind of commercial enterprise on the end of a road like that, it should be maintained?

**Mr. Wildman:** Who gave them the permit to build that commercial enterprise?

**Hon. Mr. Kerrio:** Listen; that is fine. I have been in business 68 years and I did not have anybody hand me a lot of things. I did it on my own.

**Mr. Wildman:** You are suggesting then the private and commercial operators should maintain the roads.

**Hon. Mr. Kerrio:** No, I am not suggesting anything. I am saying there are some areas where you cannot maintain a given road for a single purpose. If something was pointed out where we should maintain a portion of road for a purpose, I am prepared to examine that and see what we can do.

**Mr. Wildman:** In one instance we can use, in the riding of the member for Lake Nipigon (Mr. Pouliot), you destroyed the roads that were needed. You knew they were needed and you



destroyed them. You destroyed the bridges in the White Lake area.

**Hon. Mr. Kerrio:** We did not destroy the bridges in the sense of doing it just to destroy them. I shared this with you before: My ministry engineers suggested the bridges were dangerous.

**Mr. Wildman:** I agree; they were.

**Hon. Mr. Kerrio:** The people on the other side got up and questioned us. I guess what it boiled right down to was they did not trust our engineers to make that assessment. It was one of the first times I said, "All right; I will commission an engineer to go and take a look at those bridges and report to me." They reported back and said the bridges were unsafe and we would be very wise to take them out of service.

**Mr. Wildman:** Right. You just said you do not destroy roads or bridges that are needed, and you just admitted that you did. You had an engineer look at them. They were unsafe and you destroyed them.

**Hon. Mr. Kerrio:** Needed for the purpose for which the roads were built; that is what I said.

**Mr. Wildman:** You also gave the permit for the tourist camp that used those roads. You cannot have it both ways.

**Hon. Mr. Kerrio:** I suppose, in a certain circumstance, if somebody were to make a good case that there should be some piece of road maintained for that kind of purpose, we would talk it over with him, but in that case, that has not happened.

**Mr. Wildman:** It sure is the view of what happened in terms of the operator, whose name is Norm Quan.

**Hon. Mr. Kerrio:** Let's pursue that. Did he close down?

**Mr. Wildman:** He is still operating, but he is operating with a lot fewer customers.

**Hon. Mr. Kerrio:** What were the details?

**Mr. Tough:** What we have tried to do as a general rule is to ask ourselves a series of questions. First of all, is the road still required for the purpose for which it was originally built? If not, is there still some use for which the road is essential? Is there an alternative form of access?

In a number of cases, we found there was an alternative form of access, in which case we have essentially pulled the bridge. If there are instances—I am not aware personally of this—where there is a compelling case, where there is no alternative access and it is a reasonable conclusion that we have led the operator to expect he would have access on an ongoing

basis, I would like to look very carefully at it and go to the minister with a proposition.

**Mr. Wildman:** Okay; I will give you another example.

**Hon. Mr. Kerrio:** Did that one have optional access, though? Do you know?

**Mr. Wildman:** Yes, but it is about three tir as far. That is why he has a lot less business.

I will give you another example. You have allowed, as we in the north appreciate, the development of cottage lots on certain lakes in the Blind River district. I think of one specific example in which lake development took place and cottages were built. The only access was by a forest access road that has been maintained by the ministry over the years. You have now informed the cottagers that you are no longer going to maintain that road. I suppose you would think that road is no longer necessary, but certainly the cottagers do.

**Hon. Mr. Kerrio:** We are prepared to examine those and do what is fair.

**Mr. Wildman:** You have already examined them and you have confirmed you are going to continue maintaining that road.

**Hon. Mr. Kerrio:** In one case, you made a case, but in this other one, as we said, we would not maintain a road if there were alternative access to it. On the other one, I am suggesting that if there is a reasonable case to be made that there are a number of cottages there—I wonder in fact there was not some question about maintaining those roads. What is your answer in maintaining the number of roads that we have here? It is a serious problem.

**Mr. Wildman:** You are not maintaining them enough. I have already said you are not maintaining them enough. You are not spending enough money. I am not suggesting you maintain all 32,000 kilometres, as you would like to suggest I am saying, but I am saying that you are saying that if a road is not necessary any more, just for access for forest access or for firefighting in the near future, that you are going to cease maintaining it when you have also authorized other uses in the area and those people are left with the lurch.

On the particular cottage road I am talking about, the road is not up to standard. They cannot form a local roads board. They could form one but it would not do them any good, because the Ministry of Transportation is not going to give them any kind of subsidy to maintain that road because it is not up to Ministry of Transportation standards. The local roads board in the area is not



going to extend its boundaries to include this road. So these people are not going to be able to get to their cottages after two or three years.

**Hon. Mr. Kerrio:** I think in some instances you make a good case. I think we are prepared to examine it.

**Mr. Wildman:** I appreciate that you are going to do something and look at this particular situation. Unfortunately, I do not know of all the situations across Ontario. I would like to, but I cannot bring each one of them to you individually and have you look into them and determine whether you are going to do something about them. I think that is your job.

**Mr. Dietsch:** What is the alternative to that? Is the alternative to that not putting out any permits to allow any other uses to take place?

**Mr. Wildman:** No, I think the alternative is that you tell those people when they get their cottage lots, "There is not going to be any road access maintained for these lots," so they know it when they purchase the lots. Then if they continue, if they want the lots and are prepared to find their own access, their own way in there, they will know about it. But do not have them develop a lake having a road access over a number of years and suddenly tell them, "Sorry, you don't have any more road access."

**Hon. Mr. Kerrio:** I am sure, in talking about cottage lots, that there will be a commitment definitely on that aspect of it. In fact, there is a report to come back to us on that particular problem. Certainly, for the ones I looked at at Ignace, there were reasonably good roads that had been maintained partially by government, partially by the municipality and partially by the cottage owners in that area.

There are alternatives to it, but I have to continue to say that I do not want to give anybody the idea that we can maintain the kinds of roads that we built for the purposes of creating jobs and supplying wood to the mills and doing those kinds of things, because it is not possible. But I will take into account the question you raise.

**Mr. Wildman:** I have two other matters, very briefly. One is maintenance of access points, which the ministry itself installed purposely to enhance tourism and to enable people to get on to lakes or watercourses. Now you are no longer maintaining them. How do you justify that?

**Mr. Tough:** I guess I am assuming that the situations are in Mr. Wildman's area. Is that so? Is that the case?

**Mr. Wildman:** It is all across northern Ontario.

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**Mr. Tough:** Are you talking about formal access points or informal access points, because there has been a proliferation, as you know, of—

**Mr. Wildman:** I understand that. I am talking about access points that your ministry has maintained in the past. Signs are now being posted that you did not fund this, because it is not being maintained.

**Mr. Tough:** I cannot see what—

**Hon. Mr. Kerrio:** We will have to examine that. I cannot give you an answer.

**Mr. Wildman:** What is this ministry's involvement and where is the tourism strategy that has been promised for some time?

**Hon. Mr. Kerrio:** I guess we would not take the lead, but certainly we are very much prepared to co-operate, because there is a great deal of dependence by the tourism and—

**Mr. Wildman:** I am just asking where it is at. Tourism and Recreation has supposedly been developing this tourism strategy and it was supposed to be ready as of December 1987. It still has not seen the light of day. I am just wondering what your role is in this.

**Hon. Mr. Kerrio:** I told you my ministry's role. Any other ministries, in tourism areas especially, depend on us providing the kind of opportunities for tourism, but they take the lead role. I cannot really answer the question. I think it would be more appropriate to put it to the Minister of Tourism and Recreation (Mr. O'Neil). Our role is very specific. We provide the opportunities, I guess, in some instances.

**Mr. Hampton:** Mr. Wildman brought up the question of where you are at in terms of tourism. In relation to that, I want to ask where crown land is as a development tool. Maybe you can give me a specific example, Ignace, the Indian Lake development.

**Hon. Mr. Kerrio:** We were hoping to have that as an opening model and ran into a bit of a problem. The Ministry of the Environment came in and suggested that there would have to be a study, because it was considered a trout lake, and that there would have to be an assessment made of the lake before we could go forward with the cottaging. I am very disappointed in that because I thought we were going to move that one very quickly to show the will of the government to move it.

In fact, David MacDonald, one of my assistants, was charged with the responsibility because those people came down and were a little

dissatisfied about the time. I took a personal interest in this one and bumped it up just as fast as I could, to the point where we went out there and were doing some of the assessment through the ice rather than wait for the spring breakup. It is one of the disappointments. I cannot tell you any more about it except that we are going to have a meeting on December 6. That was the holdup. They felt that that lake had some problem with the stressing of a number of cottages.

**Mr. Hampton:** Specifically, with respect to that plan, is there an alternative plan? If it is a trout lake, and your own guidelines say you are supposed to protect it, is there an alternative plan?

**Hon. Mr. Kerrio:** To protect it? Yes, I think we would move.

**Mr. Tough:** I think we would move. As a matter of fact we have, as a contingency, already begun to discuss with the municipality some alternative locations. We expect that they will want to raise those again on December 6 when they are down talking to the minister. The minister has not seen the recommendations.

**Hon. Mr. Kerrio:** One thing I did realize when I overflew the area is that we are very lucky in that although the road leads to Indian Lake there is a reasonably good road structure that takes you back through some other lakes in the area. I imagine that is what they are going to talk to us about.

**Mr. Tough:** I think the other thing that ought to be noted is that, as time has gone by, there has emerged quite a wide diversity of opinion in the area as to the desirability of cottaging on that particular lake. We are going to have to deal with that.

**Mr. Hampton:** I am well aware of that. Let me follow up a little bit further. That is one aspect of crown land as a development tool. What about the other plans? That one ran into a problem of protection of a particular lake. Others, I understand, are running into problems in terms of competing uses. Where is the general strategy going in terms of crown land as a development tool?

**Hon. Mr. Kerrio:** Do you want to respond to that?

**Mr. Vrancart:** Yes, I would be happy to respond to that. The minister made reference earlier to the crown land cottaging study, which was a report that we commissioned to be done by Woods Gordon Management Consultants. We now have that report in our hands and it makes a

number of recommendations; in fact quite a few recommendations.

If I could summarize, in terms of a general strategy, what they are telling us is that our current strategy has cottage lots dispersed across too many lakes in northern Ontario, and because of that dispersal, first of all, it is expensive, and second, it brings us into conflict with other land users. They are recommending that we have more intense developments on fewer lakes closer to provincial highways.

In a nutshell, that is the general strategy they are recommending, which the minister has not had an opportunity to consider and which will be brought forward, I think, probably to cabinet as we develop a whole new approach to crown land cottaging.

**Mr. Hampton:** The natural follow-up is that you have crown lands as a development tool and then you have your tourist development strategy. It would seem to me that the Northern Ontario Tourist Outfitters Association's proposal, which I understand you have discussed, of tourist management areas is in conflict, to a certain extent, with crown land as a development tool. Where does the tourist management area come in?

**Hon. Mr. Kerrio:** I think NOTOA's paper had nothing at all to do with our planning. That was something they put out there, and I do not think—

**Mr. Wildman:** It was part of the Ministry of Tourism and Recreation.

**Hon. Mr. Kerrio:** However it was developed, it is not going to interfere with our program.

**Mr. Tough:** Just to emphasize, I think we have seen the crown land as a development tool exercise as much broader than tourism, and I think all the members are aware of that, but one of the components of that was directed in its initial stages at the outfitters. Members may recall that one of the aspects was the undertaking to provide more secure and longer tenure on their lots in return for substantial investments. I think Mr. Vrancart may have more details. We are still quite anxious to talk to operators who would like to come and approach us on that basis, but that is the only direct way in which the program is related.

**Mr. Hampton:** Could I ask the minister what his position is on NOTOA's proposal on tourist management agreements?

**Hon. Mr. Kerrio:** I do not feel we are at all subject to that kind of paper. It is something they put out. We are going to do the thing that I think



in the best interest of our ministries. I do not think it is going to impact on us. I think they realize themselves that they are not going to get much support from other users with that paper.

**Mr. Wildman:** So you do not agree with their proposal.

**Hon. Mr. Kerrio:** Their overall proposal, certainly not. There are many people putting proposals forward that might have some good ideas incorporated in them that make some sense that we would look at in our planning; but no, I guess I would describe it like the Madawaska thing. Somebody put that forward, I said no; but within that there are a few good things.

**Mr. Chairman:** There was an agreement by the committee that we would stay with the speakers who are already on the list, so I think we had better move on. Okay, Mr. Wildman?

**Mr. Wildman:** You are not going to move the vote?

**Mr. Chairman:** No, we wanted to hear from Mr. McGuigan and Mr. Pollock first.

**Mr. Wildman:** Sorry, I did not realize there were more on the list. I just thought there were not any.

**Mr. McGuigan:** I wanted to bring up the subject of a response mechanism that, as far as I know, we do not have in place. First of all, the ones I know we have in place are firefighting, of course—we are leaders in our response—and the other is in floods. The ministry has a very active program of responding to people in a flood situation.

My question is based on an incident that happened on the border between Kent and Essex county, in Kent county. It was a case where aagoon receiving organic material from a processing plant burst its banks, ran into a stream—and this is where it comes into Natural Resources—and the stream actually ran down into one of our small provincial parks at Wheatley. I do not want to talk about that case because the Ministry of the Environment has laid some charges, so I have to speak in generalities.

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I am wondering if we could develop a response. I know it would be in rather isolated cases where such things would happen but, surely, there must be other situations where organic material gets into a stream, uses up the oxygen and the fish die, which was the case here. If we had a response centre or a response program—and, of course, we would have to have our biologists or wildlife and fish people examine this—it seems to me it would be fairly simple to

respond with air compressors. There must be lots of air compressor contractors and so on, so we would not have to own an air compressor. With air compressors, and a bit of pipe to pump some air and some oxygen into those waters, we might save the fish because there is a fair amount of time involved. The fish do not die immediately.

If we could look at having a response system where this might happen, the people from the Ministry of the Environment who are also involved would phone to a central location and find out what to do in such a situation. They might then respond rather quickly, it seems to me, and not only save fish but also save a great deal of cleaning-up expense and a lot of public discomfort, health issues, all those sorts of things.

I just wonder if, in conjunction with the Ministry of the Environment, you could have your folks look at a response to a spill that involves the depletion of oxygen in waters.

**Hon. Mr. Kerrio:** I think in this particular incident we were the first people on the scene. In fact, our ministry helped with the cleanup. Subsequently, the Ministry of the Environment charged the people who had the discharge.

While I feel that anything that has an impact on the environment is the responsibility of that minister and ministry, your question brings up a very good question relating to Natural Resources, in terms of where we might be able to do something before there is a greater impact.

**Mr. McGuigan:** I am not laying any blame for what happened. It is probably a new issue. It has not happened before, but it seems to me we could learn from it and possibly we could avoid the problem that developed.

**Hon. Mr. Kerrio:** Very good. We will certainly convey the message. Okay, Mr. Vrancart.

**Mr. Vrancart:** I think we probably already have learned from situations like that. One of the features of the floodplain policy, which was distributed last week, is to prevent sewage treatment plants and lagoons from being established in floodplains. Avoidance is certainly one of the strategies that has to be applied in this situation. The concept of response for those situations that exist now is one that, as the minister says, we can certainly explore.

**Mr. McGuigan:** Even taking all the precautions to prevent a setup like that, you could have a tanker full of milk, for instance, that goes off the road and goes into a stream. You get a perfect setup there for destroying the fish that may be in



some pool downstream, so there are circumstances that even prevention is not going to take care of.

If I could just mention the response you have in flooding as an example, you have those screw pumps that work on Archimedes' principle, if I remember my physics well. There was a flood in Dover township and the engineers had always said: "You can never deal with this. It is too big a deal." We brought in about 8 or 10 of those pumps and hooked 200-horsepower tractors up to them, which all the farmers have around there, and in a couple of days we pumped all the water off, in spite of the engineers telling us it was not possible.

Your department has a very good reputation in Dover township because of that response. I am just saying that maybe we should investigate to see if we could have a response program for these other events, as rare as they might be.

It strikes me it would be at a very low cost, because most of the equipment is scattered around the country. You just have to call a contractor to hook it up and put some air in there. At least, it would seem to me that way, simply looking at the little air pump that you use to pump air into your aquarium. Why can we not pump some air into a larger body of water?

**Hon. Mr. Kerrio:** As I said, I think the question is a good one. We will take a look at that.

**Mr. Pollock:** First, I would like to put it on the record that I agree with Mr. Wildman's comments and I share his concerns about these forest access roads that go in to certain lakes. People go in there, develop them, build cottages and then, all of a sudden, bingo, the ministry is not going to keep up the road. It is not only a problem in my riding; it is a problem, I am sure, all over the province.

While we are on that situation of roads—and I might even have to draw the minister a picture about this particular situation—I have a road that goes, to the best of my knowledge, around one side of a lake. Another developer wants to put a road on this side of the lake, and everybody says, "No, we do not want that." It mushroomed into quite a little dispute, so they took a survey.

**Hon. Mr. Kerrio:** They went down the middle of the lake.

**Mr. Pollock:** They took a survey of who wanted the road on this side. The survey was against the road, but they allowed the other people, who already had a road, to have input in it and vote on it. To me, that is like asking a fox if he wants the door shut on the chicken house.

**Hon. Mr. Kerrio:** Is that all crown land, both roads?

**Mr. Pollock:** Yes, it is all crown land.

**Hon. Mr. Kerrio:** The existing road was used for purposes of—

**Mr. Pollock:** This has nothing to do with forest access roads, nothing at all.

**Hon. Mr. Kerrio:** But it is crown land.

**Mr. Pollock:** To the best of my knowledge, it is all crown land. Some people have a road, but they were asked and they said no because they just do not want any more development on that lake.

**Hon. Mr. Kerrio:** That is not unusual.

**Mr. Pollock:** No. What is your opinion on it?

**Hon. Mr. Kerrio:** It seems to me you have one road. We have the other critic telling us there are some where there are no roads.

**Mr. Pollock:** He is talking about forest access roads, I think.

**Hon. Mr. Kerrio:** Where do you want that road? Which road do you want?

**Mr. Pollock:** I am asking you.

**Hon. Mr. Kerrio:** I will support you on that one.

**Mr. Pollock:** Your ministry is going to make the decision. It is putting out this report.

**Mr. Dietsch:** He is asking for input. How would you like it?

**Mr. Pollock:** I am asking him. He is the minister.

**Mr. Dietsch:** How would you like it done?

**Mr. Pollock:** I am asking him. He is the minister.

**Mr. Dietsch:** I see. You do not have any suggestions?

**Mr. Pollock:** No, I am just asking him. His ministry is going to have the final say.

**Hon. Mr. Kerrio:** Where is this road?

**Mr. Pollock:** I would just as soon not get into the details. You keep asking me questions. I am supposed to be asking you questions.

**Hon. Mr. Kerrio:** As soon as I find it, I will make a decision.

**Mr. Pollock:** Okay. One other question: Who would build a dam on a river where there is no conservation authority?

**Hon. Mr. Kerrio:** Again?

**Mr. Pollock:** Who would build a dam on a river, if the local people wanted a dam on

icular river where there is no conservation authority? Would your ministry do that?

**Hon. Mr. Kerrio:** On crown land?

**Mr. Pollock:** I do not think it is on crown land.

**Hon. Mr. Kerrio:** If it is private land, it would be the owner of the land, if he wants a dam.

**Mr. Pollock:** People have land on both sides of the river.

**Hon. Mr. Kerrio:** Where is the river? Is it near the road?

**Mr. Pollock:** No, it has nothing to do with the road. That is even in another county.

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**Hon. Mr. Kerrio:** If I want to build a dam, I have to tell me where the road is to get to the dam.

**Mr. Pollock:** No, you do not need to know where the river is. I just want to know who builds a dam in a case like that. Whom do we lobby?

**Hon. Mr. Kerrio:** Well, as I say—

**Mr. Wildman:** Ontario Hydro.

**Hon. Mr. Kerrio:** There is the answer right there. As has just been said, we would have to prove it if it were a dam that would interfere with any water—it could be Ontario Hydro, it could be a private owner, it could be anyone. I guess it would depend on the merits of the request.

**Mr. Dietsch:** But would they not have to tell you where it is?

**Hon. Mr. Kerrio:** I think they would have to think we would have to give approval.

**Mr. Pollock:** If not, there is no conservation authority that covers that area, so your ministry—

**Hon. Mr. Kerrio:** Yes, the Lakes and Rivers Improvements Act.

**Mr. Pollock:** The conservation authorities have put in quite a few of these dams.

**Hon. Mr. Kerrio:** I have been told it is the Lakes and Rivers Improvements Act that we would work under, but if there is a conservation authority, it would be its responsibility and if there was not one there, then we would have the responsibility.

**Mr. Pollock:** You would have the responsibility? That is what I want to know.

**Hon. Mr. Kerrio:** Ron, have you got anything to add to that?

**Mr. Vrancart:** I think the Lakes and Rivers Improvements Act would be the authority for permitting a dam to go ahead and the conserva-

tion authorities and the Ministry of Natural Resources operate under that act.

**Mr. Pollock:** This is no private concern. This would have to be maintained by the ministry, or—

**Mr. Vrancart:** In that case, we probably would not build it because we do not have the funds.

**Mr. Chairman:** Have you anything else, Mr. Pollock?

**Mr. Pollock:** I did not get too far there.

**Hon. Mr. Kerrio:** You tried.

**Mr. Chairman:** I am glad we sorted that out.

**Mr. Chairman:** Can we deal with vote 2702, items 1 to 6? Shall items 1 to 6 carry?

Items 1 through 6, inclusive, agreed to.

Vote 2702 agreed to.

Vote 2703, outdoor recreation program:

**Mr. Chairman:** We now have arrived at vote 2703, which deals with recreational areas, fisheries management and wildlife management.

**Hon. Mr. Kerrio:** Before we start, I have a quick comment. I am going to do it very quietly without any kind of real—never mind. Early on, Mr. Wildman asked about my comments. You have a copy?

**Mr. Wildman:** Yes.

**Hon. Mr. Kerrio:** The chairman said, "When is the next statement going to be made in the House on this issue?" And I responded: "I am not prepared to say, yet. I think, in fact, it may not be in my hands."

**Mr. Wildman:** Can I ask a further question? I recognize that the minister's statement that he was not prepared to say and that, in fact, it was not in his hands, was a correct statement. However, to go back a bit.

**Hon. Mr. Kerrio:** Is there more? Oh, we are going to go back a bit, okay.

**Mr. Wildman:** It says in the transcript—we were asking about timber availability for Milne. I asked whether the timber—you said there was a commitment that there would be wood for the mill.

**Hon. Mr. Kerrio:** Yes.

**Mr. Wildman:** And I asked, "Outside of the area, not in the disputed area." You said you were bringing wood from various areas, and then you point out that the dispute area is 4,000 square miles.

I then asked if—I am talking about the immediate problem, the area where the Indians are blockading the road—and I said, "You are not talking about supplying wood to Milne from that

area, as long as the Indian band is not satisfied that they have their concerns resolved and are on the road. What I am basically saying to you is: Are you anticipating sending the police in to remove the band from the road so that you can get in there to build your road?"

And then you said, "I think our involvement up to this point in time shows where we are."

I am not sure exactly what that means, but I then asked where you were going to get the timber from. You said, "Outside that specific area, but we made a commitment to the supply so that there cannot be those who would point the finger at us and say it is because there is not wood." In other words, if it shut down, it would not be because there was no wood.

Okay, now I understand that to mean that you are going to supply timber to Milne from outside of that area? Is that right or wrong?

**Hon. Mr. Kerrio:** That area being the area south of the park, yes.

**Mr. Wildman:** All right, let's go on. You said you did not understand the question and then we got to the point where—

**Hon. Mr. Kerrio:** But I do not think that has anything to do with the question you were upset about. You said to me that I—

**Mr. Wildman:** I was upset about the whole thing.

**Hon. Mr. Kerrio:** No, no, you said I had promised—why was I not willing to tell you when there was going to be a statement made, and if I knew it? I thought that was the issue. Am I wrong?

**Mr. Wildman:** It is part of the issue and we have clarified that. Now I am asking you about the other issue.

**Mr. Chairman:** May I be of assistance here?  
Interjections.

**Mr. Chairman:** Order, please. We have now moved into the vote that deals with parks, so any questions dealing with parks are in order and do not necessarily have to deal with what is in the transcript.

**Mr. Wildman:** I am dealing with Lady Evelyn-Smoothwater Provincial Park.

**Mr. Chairman:** That is correct. That is fine. You are in order. I would just encourage members, since we had agreed to pass this vote today, to be disciplined in their comments, because there are only 25 minutes left. Go ahead, Mr. Wildman.

**Hon. Mr. Kerrio:** We should set this aside then, this issue.

**Mr. Tatham:** Is there a vote tonight in House, at 5:45?

**Mr. Chairman:** I am sorry?

**Mr. Tatham:** Is there not a vote?

**Interjection:** There is a vote at 5:45 in House.

**Mr. Tatham:** I think so.

**Mr. Chairman:** I did not know that. We be adjourning at a quarter to then, or when the bells ring. Go ahead, Mr. Wildman.

**Mr. Wildman:** I am asking, in dealing with parks and dealing with Lady Evelyn-Smoothwater Provincial Park and the dispute area immediately adjacent to the park, south of the park—

**Hon. Mr. Kerrio:** South of the park. That is in here, yes.

**Mr. Wildman:** —and we all know that dispute is whether or not roads should be built into that area to access timber for Milne, Goulard and—

**Hon. Mr. Kerrio:** And all the other uses, right.

**Mr. Wildman:** Liskeard and so on. I understand your statement on R-1745-2 to mean that you are going to commit timber to Milne so that the Milne were to shut down, it would not be because of lack of timber.

**Hon. Mr. Kerrio:** Right.

**Mr. Wildman:** And you said, "outside that specific area."

**Hon. Mr. Kerrio:** Yes.

**Mr. Wildman:** Then why are you building roads? If you are committing timber from outside of that area, how come you are going in there to get the timber?

**Hon. Mr. Kerrio:** Because that is a short supply that has to be hauled from a distance. It is generally over other licences.

I think if you miss the whole point that Red Squirrel and Goulard are needed for good forest management in the area, I guess we just have not delivered the message. I will accept that, but what I am saying is that the Red Squirrel and Goulard are used for the whole forest management in that area and about 40 per cent of the material would have to come out of that area. Good management to be able to do a proper silviculture involvement, to do all the things that need to be done.

We could only carry on bringing short-term supply to a point from a reasonable distance if we were obliged to continue longer-term supply



without going in there, we would have to keep moving farther afield and going over other fences, and I do not think it would be appropriate to do that if we could get at this material.

**Mr. Wildman:** What you meant in that case was that, in the short term, until the roads are built—

**Hon. Mr. Kerrio:** Exactly.

**Mr. Wildman:** —you would be supplying from outside of that area?

**Hon. Mr. Kerrio:** Yes.

**Interjection:** That is correct.

**Mr. Wildman:** All right. In your announcement last June regarding the Lady Evelyn-Smith Provincial Park and the waterway parks and the building of the road—

**Hon. Mr. Kerrio:** The extension.

**Mr. Wildman:** The building of the extension of the road.

**Hon. Mr. Kerrio:** Do you know why I say that, Bud? I wanted to keep it in mind that many people misconstrue that who are not, as you are, fully apprised of what we are talking about here. It gives the wrong impression that we are doing something new and building a new road. I just like that comment because it is an extension.

**Mr. Wildman:** Building the new extension of the road.

**Hon. Mr. Kerrio:** Yes.

**Mr. Mahoney:** New road extension. You put the piece on it.

**Mr. Wildman:** You made a great deal of the fact that the road through the park—

**Hon. Mr. Kerrio:** Yes. The Liskeard road?

**Mr. Wildman:** Yes. You were making a commitment that road would be closed by 1992.

**Hon. Mr. Kerrio:** I do not remember specifically, but yes, the commitment was made that we would close that road in 1994.

**Mr. Wildman:** In 1994?

**Hon. Mr. Kerrio:** We moved it ahead a little, yes.

**Mr. Wildman:** Okay. Is it not a fact that is the estimated length of time it would take to exhaust the timber that road is used to—

**Hon. Mr. Kerrio:** No, we will not exhaust the timber in this area. If we are able to manage the forests in that area appropriately, that is going to save—

**Mr. Wildman:** I am not talking about exhausting in that sense. I am talking about stopping the cutting. The cutting that is going to take place in the area is going to go on until about 1994, is that right?

**Hon. Mr. Kerrio:** Thirty-five to 40 years.

**Mr. Wildman:** In that case, why not stop the road right now? Why not cut off that road right now? Why are you going to 1994 with that road?

**Mr. Tough:** Can I help us a little bit here? You may recall that Liskeard Lumber had cutting rights in Lady Evelyn-Smithwater Park. When the park was created, they were bumped out of there and they were given some access to timber south of the park. It was originally envisaged that they would to continue cutting there for the indefinite future, and what we did, as a consequence of a recommendation from the Daniel working group, was to agree to phase out the Liskeard Lumber Road. They suggested by 1996, and we said 1994. So Liskeard Lumber would then no longer have the right to cut in that area, no longer have access, and we will find them alternative sources in other areas, and that is part of the deal. Also part of that deal is a fairly major upgrading of Highway 560 so that they can haul their timber in there.

**Mr. Wildman:** That is exactly what my question is. Are not the immediate plans of Liskeard Lumber to cut until about that date in that area?

**Mr. Tough:** Yes.

**Mr. Wildman:** Basically what you are saying is you are going to maintain the road there as long as they are going to be cutting in that area.

**Mr. Tough:** Which is until the end of 1994.

**Mr. Wildman:** So it is no big deal, in terms of the preservation of the park, to be closing the road at that time. Basically, what you are saying is that as long as the immediate cutting plan is continuing, you are going to maintain the road.

**Hon. Mr. Kerrio:** We have to move them into another area to cut, but the fact of the matter is—and you do not think that is an important initiative, to cut that road off, going through a park?

**Mr. Wildman:** You know that is not my position. My position is that you should be doing it now.

**Hon. Mr. Kerrio:** We have to have access to that material now.

**Mr. Wildman:** That is exactly what I said. You have a road through the park. You have to

maintain the road through the park until the study is finished.

**Hon. Mr. Kerrio:** Right on. We need it until 1994.

**Mr. Wildman:** That is right. So there is no big deal about cutting off the road. You have tried to make out as if it was a big decision you have made to preserve the park but, in fact, you are just going to maintain the cutting until the current plan is over and then you are going to cut off the road.

**Hon. Mr. Kerrio:** No, no, what he is saying is that it is not a big deal that we are going to do what we are going to do here because we could have done it anyway. But we did not need to. If we had the convenience of that road, it sure would be an advantage to the people. If we want to move timber in different directions, I think it is a big deal. I think it shows the will of the government to purify that park ultimately so that people can say it is truly a wilderness park.

**Mr. Wildman:** Can I ask another question in regard to the announcement that was made yesterday? Can you explain why—and it is obvious that the announcement by the Attorney General (Mr. Scott) was made because of his responsibility as Attorney General for the courts and also his responsibility for Indian affairs. Can you explain why the announcement, with regard to the timber and the construction of the road, was made by the Minister of Northern Development (Mr. Fontaine) rather than the Minister of Natural Resources.

**Hon. Mr. Kerrio:** I think what we are looking at here, and, you know, you sound like you people should be cutting out turf. I am the kind of person who thinks that this is a keen effort and that there are many ministers involved in this whole process, as has been proven already. The Minister of Northern Affairs certainly has a very important role here, as I do, to provide the wood and do the licensing and do the forest management in the area. I do not think it is a big deal, as you might describe it, that those were the people who made the statements. My role will not change because—

**Mr. Wildman:** What role does the Minister of Northern Development have in allocating timber?

**Hon. Mr. Kerrio:** I am not sure it has any role in allocating timber.

**Mr. Wildman:** Then why is he making announcements about it?

**Hon. Mr. Kerrio:** I guess because he is the Minister of Northern Development, and he has a

role to play in other aspects of all the economic benefits that flow into the area. There is another role for the Minister of Industry, Trade and Technology (Mr. Kwinter). I do not understand why it is such a big thing that you have to decide who does what when all of these ministers have a role in it, and more besides the ones who named.

**Mr. Wildman:** We all recognize that there is a cabinet committee that deals with this. But I indicated a moment ago that the Minister of Northern Development has a role in allocating timber. I am just asking what his role is.

**Hon. Mr. Kerrio:** The fact of the matter is that was set up for a very specific purpose, to co-ordinate all the ministers who were involved in this issue.

**Mr. Wildman:** I see. Can you—in your statement that was made yesterday, the minister said there were three factors that were considered by the cabinet in making a decision. One was protection of the environment, one was the economic viability of the area, the mills and the mills on, and the third, of course, was the Indian land claim. Could you indicate for the committee what part of the statement dealt with the environment?

**Hon. Mr. Kerrio:** I think the Attorney General said there was a full environmental assessment. There was a big case made by the party and others that there should have been public hearings. But the fact of the matter is that in 80 per cent of the environmental assessments the minister has the prerogative taking the direction that he did.

**Mr. Wildman:** I was referring to Mr. Fontaine's statement. He outlined those three factors. I was just wondering what part of the statement dealt with the environment.

**Hon. Mr. Kerrio:** Oh, I would not be prepared to say here what part of his statement had to do with that environmental aspect. You

**Mr. Wildman:** I submit there was nothing in dealing with the environment.

**Hon. Mr. Kerrio:** But the fact is that there was an environmental hearing with 29 conditions put on the building of the road. I do not follow where you are taking us here because we have done everything in order.

Let's go back a step. The whole thing started—and how many environmental assessments have you seen on the building of a road since you have been here or ever before. Bring one out of history if you will.



volunteered this because we are getting to a point in time where the public is demanding to know a little more to say and we were trying to get access to wood for jobs in northern Ontario. That was the reason that this went forward a little bit out of time. I held back when there was criticism and volunteered to have an environmental assessment.

At the same time, we are spending millions of dollars right now developing a class environmental assessment so we will not go through this again.

I do not know how a government, a minister or a ministry could commit themselves more to the cause of doing forest management in a way that is going to be acceptable to the public. So, I quit a couple of snags here and we set aside logging in there and having a confrontation with the natives and decided that it was worth six or eight months to discuss the issue and set up Dr. Wildman. We have done nearly everything in our power to settle this thing in an amicable way. It did not work out. So, we are back, now, to square up on a decision that had been made many months ago.

**Mr. Dietsch:** Point of order.

**Mr. Chairman:** Point of order, Mr. Dietsch.

**Mr. Dietsch:** Mr. Chairman, I recognize the importance of the item that Mr. Wildman is talking about, but we did have a previously laid out agenda, in terms of dealing with two issues, and there are other members I think who have other questions. With all due respect, I think this one is going to be a question on a number of other occasions in the future and, perhaps, it would be good for the estimates.

**Mr. Chairman:** It does fit in with the estimates, but I did have Mr. Mahoney and Mr. Impton down for a question as well.

**Mr. Wildman:** The statements made yesterday have a tremendous effect on the part of the area around the park and the economic development of the area, both in terms of forestry and tourism, and also on the Indian land claim, obviously.

Now, the problem that we have is that when we talk about your environmental assessment on the Red Squirrel Road, that you know that the environmental assessment as it was done there, while it was unusual to have in the first place, was also unusual in the way it was done and that instead of looking at the economic and environmental impact of the logging in the area that the road was for, you looked simply at the building of the right-of-way which was a very, very

limited environmental assessment, and did not do the job.

**Mr. Chairman:** May I make a—

**Hon. Mr. Kerrio:** Just quickly, I must respond. This was endorsed by other ministers, by Environment Canada and by the Ministry of the Environment. All of that information was well documented. So we cannot just say that it did not have proper airing.

**Mr. Wildman:** All I am saying is that if you had a proper environmental assessment in the first place, it would be completed by now and you would not have gone through all of this hassle and still have a situation where—

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**Hon. Mr. Kerrio:** If I had that hindsight, I would go to the track every day. I would never have to worry about my wages again.

**Mr. Chairman:** Perhaps it would be helpful to members if you understood that the next vote, under forestry operations, includes silviculture, roads and timber management. Perhaps this afternoon we can let a couple of other members comment on it. In the next vote, you can also deal with roads and silviculture.

**Mr. Mahoney:** I will cut my questions down to one area, that is, the recreational and sport fishing area. Do you have someone here who can tell me what the revenue has been from the new licensing requirements?

**Hon. Mr. Kerrio:** It is \$9.3 million.

**Mr. Mahoney:** Last year?

**Hon. Mr. Kerrio:** Yes.

**Mr. Mahoney:** Can you tell me where that money has been directed back into restocking programs?

**Hon. Mr. Kerrio:** All of it goes back into fish management, under the advisory committee chaired by Dr. Crossman and having representatives all across the province. It is a good question, because it is very important that we distance ourselves just a little bit so that the revenue goes with some direction from people who do not have any particular stake directed any particular way. It is a good exercise. We are learning, of course, as we go along.

We had a commitment from the Treasurer that we would get all that money. That has been done except for adjustments that have to be made at the end of each season. So I think you will be very pleased that the opportunities provided by that licensing arrangement are excellent. It adds about 25 per cent to the budget. We had about a \$30-million budget and we collected close to \$10



million, so we are looking at a 25 per cent impact, additional to our \$30 million. It is one of the things that I feel pretty good about.

**Mr. Mahoney:** Could I get it, if not today—

**Hon. Mr. Kerrio:** If you want details, of course.

**Mr. Mahoney:** I know that we perhaps do not have time for it today, but I would specifically like to know what funds we have put back into the Lake Ontario salmon program, for example, or what we have done in the north with regard to putting trout or pickerel or whatever—

**Hon. Mr. Kerrio:** I think percentage-wise we have put a greater percentage of the money that has been taken in into the north, and for a very good reason. The opportunities there are excellent. People like to go there and we have addressed that issue. Maybe my people will take that in context, and we will get you details on where that money went.

**Mr. Mahoney:** The Lake Ontario salmon program has really developed into a multimillion dollar industry right along the shore.

**Hon. Mr. Kerrio:** It has exploded, yes.

**Mr. Mahoney:** It is a tremendous thing. It is unfortunate that the fish, if they come in too large, are better used as thermometers than they are on the barbecue, but they are great fun to catch. I would be interested in some of those details if I could get them.

**Hon. Mr. Kerrio:** The eastern region was allocated \$800,000. But we will have a page that we can share with you.

**Mr. Mahoney:** Thank you, that will be great.

**Mr. Hampton:** I have a number of questions on page 34: parks, the outdoor recreation program. These figures would apply to all the provincial parks?

**Hon. Mr. Kerrio:** Yes.

**Mr. Hampton:** Of all kinds, all classes?

**Hon. Mr. Kerrio:** Yes.

**Mr. Hampton:** One of the figures I find interesting is that you have your 1987-88 estimate of wages and salaries and you have your 1987-88 actual, so your wages and salaries are increasing when you go to 1988-89. They are increasing slightly, probably not enough to keep up with inflation, but they are increasing slightly. At the same time as you are increasing wages and salaries slightly, you are cutting employee benefits. How can that happen?

**Hon. Mr. Kerrio:** I would have to have someone explain that.

**Mr. Christie:** Those are adjustments that are made annually in accounting for the figures. We pay for things like employee benefits, but employees will get all the benefits they are entitled to as per the collective agreement and not the management salaries.

**Mr. Hampton:** I appreciate that you have made through adjustments, but it seems to me you have actually increased wages and salaries from 1987-88 to 1988-89, but you have cut wage benefits. It shows there is an actual cut of \$189,800. Is that because there are fewer employees?

**Mr. Christie:** No. In fact, it went the other way in real terms, because there were two people that came back into the system this past year who were previously contracted out.

**Mr. Hampton:** Which two are those?

**Mr. Christie:** Selkirk was one in central Ontario and there was one in northwestern Ontario, Rainbow Falls.

**Mr. Hampton:** When you give this figure of \$22 million for wages and salaries, would that go to contracted-out services?

**Mr. Christie:** No.

**Mr. Hampton:** Where do you pay for contracted-out services?

**Mr. Christie:** That would be covered under what is called "Operating" under "Supplies and equipment."

**Mr. Hampton:** If I look at supplies and equipment in 1987-88, for operating you actually spent \$3.75 million and, in 1988-89, you went down to \$5.5 million. Is that right?

**Mr. Christie:** Yes.

**Mr. Hampton:** So that is an increase in contracted-out services?

**Mr. Christie:** Not necessarily. There is a whole host of other items included in that category of expenditure. In the operations of the parks that we do ourselves, any of the money that is spent on upgrading or maintaining parks, that sort of thing, is covered in that item as well. In fact, we have decreased the number of parks that have been contracted out.

**Mr. Hampton:** You may be decreasing the number of parks that are contracted out, but in my understanding that you may be increasing the number of park services in different parks that are being contracted out.

**Mr. Christie:** There are parts of the park services that are being contracted out, correct?

**Mr. Hampton:** How much time do we have

**Chairman:** One minute.

**Hampton:** Then let's come right down to the park I am concerned about is Quetico. It is supposed to be one of our jewels as a park. If I look at your own document, Quetico National Park Management Plan, in 1976, the park had a staff of 50. In 1986, the park had a staff of 32. In 1976, the cost in wages, at least as I can tell, was \$173,000 and in 1986, it was \$1,000,000. I did some quick factoring. It does not keep up with inflation.

What is happening in Quetico park? There has been a cut in staff, so how is that park being cared for? How is it being maintained?

**Christie:** I cannot give you the specifics about Quetico park in terms of whether some of the services are contracted out or not. They may be. I do not know. I can get that information for you.

**Hampton:** I would put it to you that they are being contracted out and in fact what we are doing is losing quality people who care about the park and what you are doing is getting in cheap contract staff who regard it as just another job. I am quite sure that is what is happening in Quetico park. Staff is being reduced.

**Mr. Kerrio:** I do not think we could bribe human beings that way either.

**Hampton:** I am just—

**Mr. Kerrio:** You know what I mean. I know where you are coming from and I appreciate that. I do not quarrel with your position, but to act as though, if the people are contracted out and are not a part of what you would accept, they are something less than the people is just a little difficult for me to accept.

**Wildman:** Ha ha.

**Hampton:** No, excuse me, I did not say that.

**Mr. Kerrio:** The guy is laughing over his shoulder like a hyena, but he was sitting right there and heard it.

**Wildman:** He did not say they were less than human people. You are not contracting out to apes, are you?

**Mahoney:** Only in the Legislature.

**Mr. Kerrio:** Oh, Steve, that is not nice.

**Hampton:** My point is that in 1976, you employed 50 people to keep that park going. In 1986, it was down to 32 and your wages and salaries have not even kept pace with inflation. I want to know how the services are being maintained in that park.

**Hon. Mr. Kerrio:** Have you been given that they are not?

**Mr. Hampton:** Yes. I go to that park a lot.

**Hon. Mr. Kerrio:** What do you think has happened? I went there and I thought it was excellent.

**Mr. Hampton:** A lot of the portage trails are not being adequately maintained.

**Mr. Chairman:** I am sorry to bring this to a halt, but we do not have any choice. I remind members that tomorrow we will deal with the next two votes. I will deal with the question of this one too.

On Monday there is going to be some time left over to finish off the MNR estimates, and then we are going to spend some time talking, in an organizational sense, about Bill 162, the workers' compensation bill. The critics have been informed and, I assume, have indicated that they will be here on Monday afternoon after we finish the MNR estimates, which will not take all the time. We must do that.

Next Wednesday and Thursday we will have public hearings on Bill 83, the agricultural bill, and we have to be somewhat arbitrary on that because all members agree that it is important to finish that before we adjourn. So if you get phone calls from people saying, "I wanted to make an appearance and couldn't," blame the committee as a whole or me as chairman, if you want, but we simply had to be arbitrary and try to squeeze them in in a limited length of time.

On vote 2703, shall items 1 to 3 carry? No. Shall item 1 carry? Shall item 2 carry?

Items 1 and 2 agreed to.

**Mr. Chairman:** Shall item 3 carry?

**Mr. Hampton:** I would like some more time on it.

**Mr. Chairman:** Let us deal with the vote. If there is unanimous consent by the committee, we can do whatever we want. We can take more time on this vote. That is entirely up to the committee. We have tomorrow and we have about an hour or so on Monday. It is entirely up to the committee as a whole.

**Mr. Hampton:** If I could, I would prefer more time. There are some important questions still to be discussed and I would like to get the minister's opinion.

**Mr. Chairman:** If there is consent by the committee then, I will not be here tomorrow afternoon but you can deal with this item tomorrow afternoon and take an extra half hour for that.

**Mr. Dietsch:** There is no problem.

**Mr. Chairman:** How much time do we need?

**Mr. Tatham:** Half an hour?

**Mr. Hampton:** Half an hour would be fine.

Agreed to.

**Mr. Chairman:** We will not carry this today and tomorrow you can finish off this and proceed to the next two.

The committee adjourned at 6:03 p.m.



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## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Thursday, December 1, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers



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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 1, 1988

The committee met at 3:31 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

Vote 2703, outdoor recreation program:

**The Acting Chairman (Mr. Philip):** I call the committee to order. Ed Philip will substitute for Syd Laughren at the standing committee on resources development today.

**Mr. Black:** Do we get a vote on that?

**Mr. Dietsch:** Do we have any say in that?

**The Acting Chairman:** Only those who think they might appear as witnesses before the standing committee on public accounts have a say. I am a chairman—have gavel, will travel. I guess I am substituted in. What you see is what you get.

**Mr. Black:** I hope you are able to keep the opposition members under control.

**The Acting Chairman:** It has never been a problem in the past.

**Mr. Pollock:** Keep the government members under control.

**The Acting Chairman:** I am not used to chairing a partisan committee.

We are on vote 2703, item 3. I understand an agreement was reached that there would be a half-hour spent on that, at which time we would take the vote on 2703 in its entirety and move on to vote 2704. There were two people who indicated they wished to speak on this, Mr. Pollock and Mr. Hampton.

**Mr. Wildman:** I am here for Mr. Hampton.

**The Acting Chairman:** I am sorry. Mr. Wildman is substituting for Mr. Hampton.

**Mr. Wildman:** I am not substituting. I am just going to ask his questions.

**The Acting Chairman:** Mr. Wildman will ask Mr. Hampton's questions.

**Mr. Dietsch:** I hope they are going to be talking about the same figures.

**Mr. Pollock:** I see in the estimates that the Bruce Trail Association got \$40,000. What did they get \$40,000 for? Are you directly funding

them? That is \$40,000 more than you gave for my abandoned railroad.

**Hon. Mr. Kerrio:** But the Bruce Trail Association has very responsible people on it. I think it is the case that over the years the government has seen fit to support various groups that do the kind of work that is in the interest and to the benefit of people who enjoy that kind of recreation. The Bruce Trail people, of course, have been at it for a good long time. I would call it a subsidy, because they raise considerably more money than that to do their thing. If you have any more information on the Bruce Trail—

**Mr. Christie:** This was an effort to assist the Bruce Trail group to get up and running.

**Mr. Wildman:** I thought they were hikers, not joggers.

**Mr. Christie:** Both. They are pretty well self-sufficient at this time. I expect that grant will be terminating in the near future.

**Mr. Pollock:** This was not for any specific project, though?

**Mr. Christie:** No.

**Mr. Pollock:** It was just a straight grant to help them get started.

Moving on, I understand, minister, that you put out a questionnaire with your doe licences and all the hunting rules and regulations could be based on that questionnaire. Unfortunately, though, there was no stamped, addressed envelope. People have complained to me that you might not get a real big response, and therefore you would be basing some of your rules and regulations on a rather poor response. Do you want to comment on that?

**Hon. Mr. Kerrio:** Maybe people get the feeling that because the federal government can do that, we have the same kind of perk. It is not quite the case. When we ask someone to respond to us, we do not generally provide them with the means to do it by return envelopes. Considering the cost, I think it is in the best interests of those people who are interested enough in what they are doing to mail our request back to us, because we always have an open mind as to how we are going to develop our regulations and how we respond to those things. Beyond that, Mr.

Christie might have some kind of feeling about the number we got back and how we used them.

**Mr. Christie:** We used this as part of the data collection process for determining things like hunter success. We also solicit the views of the hunters in terms of their satisfaction with the type of hunt. It is only part of the data collection. We get anywhere from 15 to 20 per cent return on those. We consider that as part of the overall evaluation of the program. We also operate things like checking stations. Our staff go into the hunt camps and talk to the hunters and get information in that way as well.

**Mr. Pollock:** Do you include a self-addressed envelope?

**Mr. Christie:** No, we do not.

**Mr. Pollock:** Even that would be quite a help in most cases, whether or not you put a stamp on it.

**Hon. Mr. Kerrio:** Your leader has been telling us to cut back. We heard him before he said it.

**Mr. Pollock:** I understand, too, that you have a little problem in having the facility to fix the water bombers.

**Hon. Mr. Kerrio:** The hangars? I would agree we do not have all the facilities we would like to have. Put in perspective, I think that the major expenditure was to acquire the water bombers. Having acquired the water bombers, certainly I would hope to be able to get more hangar facilities, especially in the off season to keep them in good condition.

**Mr. Pollock:** You think that will be forthcoming in the near future, then?

**Hon. Mr. Kerrio:** I would not like to speculate on that. Would anybody here who is in that division like to comment on that? My deputy would maybe respond to that.

**The Acting Chairman:** Could you come forward and state your name into the microphone, please.

**Mr. McCormack:** George McCormack.

**Hon. Mr. Kerrio:** He is the assistant deputy minister, northern Ontario.

**Mr. McCormack:** We are presently renting hangars in Sault Ste. Marie and Timmins to maintain the water bomber aircraft.

**The Acting Chairman:** Does the deputy wish to add anything to that?

**Mr. Tough:** Just a bit. As we noted in our response to the Provincial Auditor's comments, we recognized that there is a need for additional

hangar space. We went to Management Board and it deferred consideration of our request, in part because of the uncertainty about what might happen to the northern Ontario Dash-8s. We are hoping that uncertainty will be sorted out in time so that we can renew our request to Management Board. I think there is an understanding throughout the government that we require additional space.

1540

**Mr. Pollock:** I take it the facilities you are renting are quite adequate.

**Mr. McCormack:** Yes, they are.

**Mr. Wildman:** I have a few questions I would like to put quickly, because I know the probability of time. I asked in my leadoff if you could give some comments about the future of Mooseta that is the moose-tag lottery.

**Hon. Mr. Kerrio:** I did not think we had a problem with that any more. I thought I had stepped right in there and—

**Mr. Wildman:** You brought in a permit licence, but I am informed that you are reviewing the whole thing and that there may be further changes for next year. I just wondered what was happening with that.

**Hon. Mr. Kerrio:** As I said, I think the major move has been to address party hunting. It seems to have taken us a good long way, because most hunters, who in fact are good conservationists, feel that if more people—

**Mr. Wildman:** So there is no further review?

**Hon. Mr. Kerrio:** I am not suggesting that there is under review all the time.

**Mr. Wildman:** Just tell me yes or no. Is there a review going on and are there going to be more changes?

**Hon. Mr. Kerrio:** You ask the questions and I will answer the way I choose.

**Mr. Wildman:** Why do you not want to give us the information? Is there some reason you do not want to?

**Hon. Mr. Kerrio:** I was proceeding to do it and you would stop interrupting.

I suggested it is under review and we keep it under review constantly, because that is one of the situations that has not reached the kind of involvement I am completely satisfied with. I think our people are very much aware that it is quite a complex problem.

The fact of the matter is we have to manage certain we bring our moose herds back and we are accomplishing that because of the draw. We have to do that while we provide opportunities for people to hunt moose. We have to address



question of the allocations to do that. We are also cognizant of the fact that we provide tags for trapper operators. Mr. Bebe, who was in to see us today, is the chairman of the moose tag allocation committee. I think we are doing a very good job, with the people who provide the input to us. To answer the question directly, it is an ongoing, evolving kind of situation.

Don, do you have anything to add to that?

**Mr. Christie:** No, nothing to add.

**Mr. Wildman:** Does all that mean that there is not likely to be further changes next year? Can the hunters be assured that the system is going to continue to operate as it is now with the tag licence?

**Mr. Christie:** Yes.

**Mr. Wildman:** Okay, thank you. Now I have no other questions.

**Hon. Mr. Kerrio:** The main thing I want to talk about, and it seems very appropriate to the question, is the fact that when you talk about the moose allocation tags, it definitely is ongoing. I want that to be very clear.

**Mr. Wildman:** That is obvious.

I would like to go to the question of pole traps and Kortright Waterfowl Park. Can you assure us there is no further pole trapping being done there.

**Mr. Christie:** At the present time, it is my understanding there are no pole traps set. Pole trapping is contrary to the Game and Fish Act and charges are currently before the courts with respect to Kortright.

**Mr. Wildman:** I would like to deal briefly with the wetlands policy that is coming forward, in response to Mr. Simkins's comments at the conference at Ryerson Polytechnical Institute. Could you explain why class 3 wetlands are being treated differently under the proposed policies than class 1 and class 2?

**Mr. Christie:** Class 1 and 2 wetlands are considered to be of provincial significance. Class 3 wetlands are considered to be more of regional significance. The proposed policy that is going forward for discussion is a provincial policy. We are open to comments and suggestions. That particular suggestion has already been made and we will certainly listen to what is being said to us.

**Mr. Wildman:** Is it not somewhat inconsistent that you would leave class 3 to regional planning, while at the same time the proposed tax rebate program will cover all three? That is a provincial program.

**Mr. Christie:** Yes. I am not sure there is that much of an inconsistency in that. The objective

of the tax rebate program, of course, is to preserve as many wetlands as we possibly can by offering a very positive incentive to land owners to retain their lands in that particular use. The wetlands policy that is going forward, which we expect is going to be out to the public early in the new year, essentially is trying to do the same thing, but to incorporate it under the Planning Act as a question of provincial interest in the development of municipal planning.

**Mr. Wildman:** Is it fair to say the wetlands policy is geared more to southern Ontario, where I understand we are facing a serious crisis in the disappearance of wetlands, than it is to northern Ontario?

**Mr. Christie:** The evaluation criteria do not apply to any lands on the pre-Cambrian shield, which essentially means we are talking about the bulk of southern Ontario. We feel we have the capability of dealing on an individual basis in northern Ontario with any developmental-type proposals that could have an impact on wetlands. There are not that many and we will deal with them on an individual, case-by-case basis. If we feel the proposed development is going to be detrimental to wetlands, we will certainly use the existing structure to oppose those kinds of developments.

**Mr. Wildman:** We have some difficulty with cottage lot development, particularly on shoreline wetlands in the north.

My only other question—I do not want to take up all the time; I know other members may have some questions they want to ask. I do not know whether you have seen the November 15 edition of *Farm and Country*.

**Mr. Christie:** No, I have not.

**Mr. Wildman:** On page 47 of that periodical they have an article about the wetlands policy. It quotes Mr. Hagen. It talks about Don Duncan, the Ontario Federation of Agriculture committee chairman, dealing with wetlands. He argues basically that the ministry needs to do something about providing financial incentives besides the tax rebate to farmers who can get assistance under the Drainage Act, if this wetlands policy is to be a success.

**Mr. Christie:** I am not aware of that article.

**Mr. Wildman:** Even if you are not, I have raised this in the House. My concern is this: I support your move to have tax rebates for property owners of wetlands, but we still have a problem with the Ministry of Agriculture and Food. With regard to the Drainage Act, a farmer who is eligible for assistance for draining his land



and who drains it and it becomes productive farm land, will get a tax rebate on the farm land. How are we going to deal with this problem if we want to prevent more significant wetlands from being drained?

**Hon. Mr. Kerrio:** I do not profess to say that there are not many areas interministerially where we have problems and conflict. There are priorities placed by the Ministry of Agriculture and Food in this case to be able to grow on the land, and in our determination to protect as much wetland as we can. I think we have limited it, in some sense, to the amount of money we can put into the program, which is considerable, and when those kinds of situations develop where there is some conflict, we do the necessary dialogue with Agriculture and Food.

In the event that it is a major wetland that we would like to protect, in some cases, we have been buying some with other people; for example, with Ducks Unlimited Canada, a bog that we acquired down in Niagara. There are many initiatives we have taken.

I have to admit and agree that in all probability we cannot protect all of the wetlands that we would like, but we will do the best we can with the resources we have.

1550

**Mr. Wildman:** Just one other question: Can I get an understanding or an explanation, if not now, at some time, as to how the confusion arose with regard to the municipal fish hatchery in Sault Ste. Marie, where your ministry's local staff developed its draft fisheries policy to the year 2000 and basically anticipated some operational assistance to the fish hatchery, when at the same time, obviously, your head office was saying that funds would not go to a municipal hatchery? How did that confusion arise?

**Hon. Mr. Kerrio:** There was no confusion at all, there was no confusion whatsoever. The circumstance was that we provided funding in the initial stages and we never made a commitment for ongoing expenses. That was clear.

**Mr. Wildman:** The confusion I am referring to is in the draft study prepared by your local district staff, which did anticipate ongoing funding.

**Mr. Tough:** I think the word was "assistance." I do not believe it was "funding," was it? I stand to be corrected, but I believe it was "assistance."

**Hon. Mr. Kerrio:** We do carry on in a co-operative way in the ongoing operation with

help from our people, but I am absolutely certain—

**Mr. Wildman:** No. They said in their plan, "CFIP assistance."

**Hon. Mr. Kerrio:** Oh, if they qualified for community fisheries involvement program, they would just put in an application.

**Mr. Wildman:** That is the problem. The head office is saying municipalities do not qualify for CFIP.

**Hon. Mr. Kerrio:** No, no. You are interrupting again. CFIP does not fund ongoing costs; they put in for a CFIP to do some build-up additions or whatever—you get that funny look on your face and you laugh like crazy, like you are having trouble understanding what I am saying.

**Mr. Wildman:** What I am telling you is that there was confusion.

**Hon. Mr. Kerrio:** There was absolutely no confusion.

**The Acting Chairman:** There would be a great deal less confusion if both Mr. Wildman and the minister did not speak at the same time.

**Mr. Wildman:** I will just explain what the confusion is.

**The Acting Chairman:** I am going to let Mr. Wildman explain his position without interruption and then the minister can explain his position without interruption. Mr. Wildman can ask for supplementary after that.

**Mr. Wildman:** I appreciate that. I understand and I agree that the minister is saying that the ministry's policy is not to provide ongoing funding from CFIP to a hatchery such as the municipality of Sault Ste. Marie has. I understand that, but in the draft fishery policy developed by the district staff in Sault Ste. Marie, it was stated in the draft, not the final statement, that CFIP funding would be provided to the fish hatchery in Sault Ste. Marie. So there must have been some kind of confusion, and I am asking how that happened.

**The Acting Chairman:** Mr. Christie, do you want to respond to that?

**Hon. Mr. Kerrio:** No. I would rather respond to it. The fact of the matter is—and I will say very clearly and concisely—we agreed to put some money into the hatchery. We always made it very clear that there would be no money for ongoing expenses. There could be help from the ministry any way that we could help with the staff. CFIP programs are precisely the same. We do not put CFIP programs in place that go for ongoing expenses, so in neither case were

prepared to put money in for ongoing expenses. I thought that was very, very clear.

**Mr. Wildman:** I thought it was too, but why is it set out as it was in the draft then?

**Hon. Mr. Kerrio:** Because it said "help." It did not say—

**Mr. Wildman:** No. It said "CFIP—

**Hon. Mr. Kerrio:** Well, I have to see it.

**Mr. Wildman:** I sent it to you in a letter. The letter is available.

**Hon. Mr. Kerrio:** Let's do that.

**Mr. Wildman:** I did send it to you in a letter. I noted it.

**Hon. Mr. Kerrio:** There is the problem, Mr. Chairman. We are talking about something and we do not have the material before us.

**Mr. Wildman:** The minister has received the letter and responded to the letter, in which I noted from the draft. It is not as if I have not given it to him; I have.

**Hon. Mr. Kerrio:** And I answered again.

**Mr. Wildman:** Exactly; and I am now asking how it happened, and obviously you cannot answer.

**Hon. Mr. Kerrio:** I just did.

**Mr. Wildman:** You are telling me it did not happen, when it did.

**Mr. McGuigan:** You might call that a sawoff, Mr. Chairman.

**The Acting Chairman:** Mr. Haggerty.

**Mr. Haggerty:** Thank you, Mr. Chairman. I direct a question either to the minister or to his staff. My concern is with the wetlands policy of the ministry, which I support, but there is a price tag on it. Has the minister come up with any numbers about how much it is going to cost the government in tax rebate in this area? What is the cost?

**Hon. Mr. Kerrio:** The tax rebate? Why does \$1 million jump into my head? If we do not have it right away, we will have to get it for you. Do you have it, Ron?

**Mr. Christie:** There has been a total of \$7.7 million allocated for that purpose, \$2 million for conservation authority lands, which are non-revenue-producing lands as part of this, and \$5.7 million for other lands.

**Mr. Haggerty:** What is the acreage or number of hectares we are looking at?

**Mr. Christie:** I am sorry; I do not have that at my fingertips, but I can get that for you very easily.

**Mr. Haggerty:** It covers eastern Ontario, does it?

**Mr. Christie:** Yes.

**The Acting Chairman:** Thank you, Mr. Haggerty. I have two people on the list and—

**Mr. Haggerty:** I just want to follow up on that.

**The Acting Chairman:** I cannot allow somebody to use a supplementary to jump ahead of two other people who are waiting on the list. I am perfectly prepared to put you back on the list.

**Mr. Haggerty:** If you put me back on the list, we will cover the same area again.

**The Acting Chairman:** Fine. We are in the same boat, but I do have Mr. Black and Mr. Brown. They have been patiently waiting.

**Mr. Black:** Could I ask about the transfer of funds under the Parks Assistance Act to the Ministry of Tourism and Recreation. What kinds of parks does that cover? What kind of funding program is provided?

**Mr. Tough:** That is for municipal parks, and we transfer the responsibility for that program to the Ministry of Tourism and Recreation.

**Mr. Black:** They then make the grants to the municipalities to operate those parks. Thank you.

**Mr. Brown:** The minister will know that the Manitoulin deer hunt has just been completed with a record hunt on Manitoulin which our colleague the Minister of Agriculture and Food (Mr. Riddell) had some success at. Being a record hunt, the management seems particularly good, although I know we are fortunate in having some rather mild winters and what not.

My question is, are managed herds of deer or moose or whatever better for wildlife health than just leaving the wildlife alone, as a policy? If we just did absolutely nothing in terms of managing—

**Hon. Mr. Kerrio:** I am sure that Ron Christie will add a little bit to what I am going to say, but the fact of the matter is that the herd is in very good condition, and we have nearly doubled that herd in the last short while. It is the opinion of many of the biologists and so on that if the deer were left to forage for themselves in the wild, that would be absolutely the best type of management. If they get into trouble—and this where we have had some difficulty and difference of opinion, even among people that work for the ministry—you could go out there and treat them like our domesticated animals and feed them and do all that sort of thing.



There is a great deal of difference of opinion there, but we feel that if we can help them in their natural habitat, in our forestry practices and the other things we do, it is the very best way to go. However, in the event of a bad year, for example with excess snow, so that the deer could not forage, it would then be time for us to step in. Ron, you might make some other comments.

**Mr. Christie:** I think you have answered it very well.

**The Acting Chairman:** Mr. Black has asked permission for a short supplementary, if you do not mind.

**Mr. Black:** Last week, the CBC carried a news story on the moose herd in Algonquin Park and the difficulties it was experiencing. That was taken from an article in Angler and Hunter of this past month. Can you or someone from your ministry comment on the health of the moose herd in Algonquin Park and what plans, if any, are in place to deal with the perceived problem?

**Hon. Mr. Kerrio:** Ron, do you have anything? I do not really feel comfortable with that report.

**Mr. Christie:** Over-winter mortalities this past winter appeared to be higher than normal. Staff and others found more dead moose in the spring than has traditionally been the case. We do not know why. There could be any number of causes. We are not alarmed. We will be monitoring very closely what happens this winter. The trend may well continue and it may not; we do not know. We will just have to watch and see.

**1600**

**Mr. Black:** If it were to continue, would the ministry be involved in some kind of action or a closer look at the problem? What kinds of things could be done?

**Mr. Christie:** It depends on the cause, and it may well be difficult to determine the cause. We will just have to wait and see.

**Mr. Wildman:** Even though you were shipping moose from Algonquin to Michigan.

**Mr. Christie:** There are more than 4,000 moose within the confines of Algonquin Park, so there are lots of moose there.

**Hon. Mr. Kerrio:** I do not think the fact that we reintroduced moose to Michigan impacted on our herd there.

**Mr. Christie:** Not a bit.

**Hon. Mr. Kerrio:** That also works both ways, because we reintroduced turkey from the US back into Ontario. It has been a very successful exercise. We have that kind of co-operative

effort between our adjoining states and provinces.

**Mr. Brown:** My point in asking my question, though, is that a managed program for wildlife—I am talking about harvesting and doing other things—generally results in a healthier herd, more numbers and that sort of thing. Is that correct thinking?

**Hon. Mr. Kerrio:** I would think so. I think you were being more explicit about how to manage that, whether we feed them or do other kinds of things, rather than your own experience.

**Mr. Christie:** Generally, the answer to that is yes.

**Mr. Haggerty:** On the area of the wetlands policy, say somebody does some infilling of wetlands in a creek or stream or something like that. Is there any penalty clause? I noticed that in the United States they have a wetlands policy and they have a pretty hefty penalty clause if they catch some developer closing off a watercourse.

I drive through a number of municipalities going back to the Niagara region, and you can see that wherever there is a low-lying area or a clean-filled one, the first thing you know, is it being dumped into that watercourse and then you get problems with a municipal drain, and who is responsible for it? Is there going to be any penalty clause in there that will stop this type of infilling?

**Hon. Mr. Kerrio:** There are two different questions here. One has to do with our wetlands policy and another one has to do with drainage. On the one hand, they cannot in fact impact on drainage without our being able to bring in one of the measures that would address drainage interference. On the other hand, it is a voluntary program in the wetlands. The farmer, of course, as has been described by the member for Algoma (Mr. Wildman), can still fill in and return wetlands to productive land as far as farming is concerned.

If we separate the two, yes, on the one hand we can become very actively involved to stop a kind of intrusion on drainage; on the other hand it is a voluntary program.

**Mr. Haggerty:** I think the minister is perhaps quite familiar with the area I have in mind, that is the Black Creek drain—you call it a drain but it is a small stream emptying into the Niagara River—where we have seen some development. At one stage it was called floodplain mapping, now it is wetlands policy, and we could get the two tied in together there someplace.

All I am saying is that you have seen places where there is backfilling on some of these areas that is really blocking off the normal habitat.



the wetlands or the stream that is there. When I look at wetlands, you still have to have some type of a drainage scheme in there, whether it is man-made or nature-made. In a sense, it is to say it is a drain.

Let's take high levels of water on Lake Erie, where we have had quite a bit of water. You can go back inland and they were considered wetlands in the past.

**Hon. Mr. Kerrio:** In that particular case, there has to be a study by the person who is proposing to build a road across the existing stream that has lowlands beside it.

There are two implications here: One is that they cannot come in and do that without a permit from our ministry; the other is that if they comply and go out and get a consultant's report so that they do not interfere with the flow and stay within the bounds of the installation of such a drain, we would be obliged to give them a permit.

There are a couple of other players here. The municipality at one time had a bill before it to stop infilling along those banks. They decided there was too much pressure on the opposite side and they did not go forward with it.

There are two or three circumstances here that contradict each other, but the one I am sure we are involved with is that until they put any kind of earth or fill into the water itself, we have not been able to take any action, except to demand that a consultant's report be given to make sure that it does not interrupt the flow. But I guess that is still open. There has been no agreement or permission given yet and we are going to look at every amification on that particular installation.

**Mr. Haggerty:** It is a policy now, but when do you move in under the Planning Act? Under the regional plan, normally along any watercourse or wetlands in an area, it is designated as two acres more of land that you can build on. They call it a very selective type of building lot.

**Hon. Mr. Kerrio:** My deputy just pointed out that the conservation authority would have a role as well.

**Mr. Haggerty:** My other area of concern in this area of fish and wildlife we are talking about is whether the ministry is following or has any input or has completed any studies on the greenhouse effect as it will affect Ontario. We saw it happen here last summer. I have a small pond on my property in Sherston. It is the first time that it was dry all summer long.

They talk about the pollution and environmental problems and well known scientists have said that it is a problem out there, the fracture of the ozone layer that is causing this greenhouse

effect. Has the ministry done any studies in this area to see what effect it will have on the province? It is a tough question.

**Mr. Christie:** We have not done any studies. We have been working with many other groups nationally and internationally in looking at the prognostications that are being produced these days, relating to the whole question of climate change. Obviously we are going to be affected in Ontario as a result of the changes that are predicted. We will be working within our own organization and with sister ministries to do what we can to monitor those changes and to see what mitigating measures, if that is what is required, are necessary to deal with them.

We do not know for certain exactly what the impact is going to be. It is fairly safe to predict the kind of natural forest succession that you might see taking place as a result of varying degrees of change in climate and, of course, along with those changes in forests, you are going to get changes in wildlife patterns perhaps, and wetlands and everything else. It is obviously going to have an impact if those prognostications do come true. A number of our scientists are right on top of that one now.

**The Acting Chairman:** I would remind members that we did agree to spend half an hour on this. We are now in our 32nd minute, which means we are two minutes over.

Vote 2703 agreed to.

Vote 2704, resource products program:

**Mr. Wildman:** On page 41 of the estimates book, item 2, financial data—

**Hon. Mr. Kerrio:** Do you have the change in that? We have a change there. There has been a mistake in the printing. We have a correction to make there. John, could you read the change into the record?

**Mr. Goodman:** It depends which line you are talking about. We do have a change.

**Mr. Wildman:** Whatever the change is, could you tell us what it is?

**Mr. Goodman:** Under "Services" there was an error made in the printing of the estimates and we did not catch it until after it came from the printer. Instead of \$29,011,900, it should be \$44,961,700, and instead of \$30,956,300 under "Supplies and equipment," the number should be \$15,006,500.

1610

**Mr. Wildman:** How do those numbers change under the column "change from 1987-88"?

**Mr. Goodman:** I am sorry, from which numbers?

**Mr. Wildman:** If those numbers change, obviously the numbers from 1987-88 change. I just wondered what those new numbers are.

**Mr. Goodman:** I have not subtracted them. You would have to subtract \$44,961,700 from \$53,097,000.

**Mr. Wildman:** So it is about \$9 million?

**Mr. Goodman:** It is about \$9 million. The other one is about \$5.5 million, maybe \$5.6 million.

**Mr. Wildman:** It grows another \$5 million then? So it is \$15 million?

**Mr. Goodman:** Yes. It is \$15,006,500.

**Mr. Wildman:** But for the number here, then the difference would be about \$5 million. I see. Thank you, that is helpful.

I would like to just read into the record a couple of excerpts from two journals that I read as often as I get a chance to. One is Professional Forester. I am looking at the October 1988 edition. There is an article in there on page 7 of that edition which quotes Joe Bird, the president of the Ontario Forest Industries Association. He is a gentleman who, I am sure all would agree, is most nonpartisan in his approach to dealing with questions of government support for forestry. Certainly I have always found him very helpful, even though he is not a New Democrat.

In this article, he is discussing the constraints imposed by the provincial government in the 1988-89 budget to trim \$19 million from Ministry of Natural Resources spending as part of an overall initiative to reduce government expenditures by \$500 million. I will not read the whole thing, but the significance of this is that Mr. Bird said that, "The cutbacks have created a situation in which the ministry is defaulting on commitments under the forest management agreements between MNR and the forest industry's companies." He later goes on to say, "These measures"—that is the cutbacks—"send a very strong signal concerning the government's lack of commitment to Ontario's forestry industry."

Further on he says: "Virtually every forest management agreement holder in the province faces cutbacks on approved budgets. This will result in chaos in terms of breaks in continuity in the sequential process where one step follows the next—from harvesting to site preparation to planting seedlings to tending the young forest." Finally, at the end of the article, he says, "If the partnership between industry and government breaks down, it is almost inevitable that we will

lose all sense of orderly direction in forest management." Those are very serious charges with regard to the operation of the forest management agreement.

There is another article that comes from a little earlier; this was the August 10 edition of the Kapuskasing Northern Times.

**The Acting Chairman (Mr. Dietsch):** Perhaps you could lead us into what the question

**Mr. Wildman:** Yes, I am giving you some indication of what the forest industry thinks about the cutbacks. Then I would like to give the minister and his staff the opportunity to respond.

In the Northern Times, it says: "The minister has forest management agreements in place with all pulp and paper companies operating in Ontario. The FMAs call on the companies to plant trees where they are told and to reforest cutover areas. The ministry agreed to build access roads so companies could reach the areas where they were told they must cut and to provide thousands of seedlings for replanting. When the government decided to cut half a billion from its current year's spending, the Natural Resources' ministry was told to lop \$19 million off its expenses. Most of the money was taken out of the forest management programs."

"In this region"—what would that be the northern region, Kapuskasing—" \$3.5 million less will be spent on access roads and another \$500,000 will be lopped off the silviculture budget."

"Then the government introduced a 25 per cent increase in stumpage fees. Those are the tax companies pay to the government for each tree cut on crown land. Even if MNR believes it is justified in increasing stumpage fees, it has a lousy sense of timing."

I am concerned about what the industry and the editorial writers are saying about the ministry's lack of commitment to forestry and to fulfilling its obligations under the forest management agreements. As we know, under the forest management agreements both sides have to meet certain obligations. If one side does not, then the other side cannot be penalized, I would not think for not meeting its obligations.

Really, I would like to get some reaction from the minister. If these are inaccurate statements perhaps he could explain how they are inaccurate. If they are accurate, what does this mean for the forest management agreements?

**Hon. Mr. Kerrio:** I would say my first reaction is that Mr. Bird has a responsibility to gain as much advantage with the government as he can for the people he represents. I do not fault



for that, but some of the analogies he uses are appropriate. For instance, when he is talking about stumpage, it is hard to believe that he did not consider that we thought this out very carefully and that stumpage was raised on an industry that was making very large profits and did not see fit to increase stumpage on the sawmills who had the 15 per cent export tax put on them. We were very careful about how we distributed this.

That does not take away from the fact that he is trying to protect his position. He made a statement that is similar to what you have described there where he said, "It's like raising rent while you don't improve the apartment." He reminded Mr. Bird—and I do not get into the habit of writing back to the newspapers where he takes little shots at us, because I do not think it is appropriate to do that, but I think we should respond to your questions.

**Mr. Wildman:** I appreciate what the minister is saying. I was not specifically raising the increase in stumpage.

**Hon. Mr. Kerrio:** Oh, no.

**Mr. Wildman:** What I am concerned about is the cutback on the FMAs.

**Hon. Mr. Kerrio:** I am just trying to set up the kind of forum as to where he is coming from. When he said we raised stumpage and cut back on some of the areas, what he neglected to say was even with the raise in stumpage, they are only paying 30 per cent of what it costs us to do all the various things that he has described. He is coming from a position where, as I said before, he is doing everything he can as director of the forest industries' interests; and we are saying that we feel that there has been not the kind of withdrawal of services that he has described.

If we were to total our budget this year, we could have one considerable, large figure when you pool everything in. We have drawn back on some of the services when it comes to some dollars that were spent on control of bugs or insects, if you want to describe it. A tremendous amount of money was injected into forest fires. You are going to see quite a different kind of picture than is sometimes drawn even by the numbers that are before you.

John Goodman is here and he is the executive coordinator of the forest resources group. He is more able to deal with some of the detailed questions that you raised.

**Mr. Wildman:** Basically I appreciate what the minister has said, but what I am asking is, how do you respond to the industry's charge that

you are renegeing on your commitments under the FMAs?

**Mr. Goodman:** We have not renegeed on commitments made to the 30 FMA holders. The commitment in terms of silviculture in fiscal 1988-89 was maintained at 100 per cent of our planned output targets. We planned at the beginning of this fiscal year, with this available funding, to regenerate 130,000 hectares of forest in the province and we have accomplished that.

The cutbacks that Mr. Bird refers to, were accomplished by reducing somewhat the commitment we had with the industry for roads.

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**Mr. Wildman:** Right.

**Mr. Goodman:** They have known since day one of the forest management agreement program that as the FMAs mature and those FMAs are accessed year after year and those road networks are firmly in place, the road funding would taper off but at the same time the silvicultural funding would be maintained. That is exactly what has happened in 1988-89.

If you look at the funding over the last two or three years and then take a look just prior to the FMAs coming on board, in 1979-80 there was \$67 million in the forestry program; in 1986-87, \$224 million; in 1987-88 there was \$221 million and 1988-89 there was \$213 million. However, you have to examine the \$213 million because there are two major reductions that do not show in the estimates. One is the major collapse of the insect infestations, so that we were able to reduce our expenditures on insect control by over \$11 million, which would have to be added to that \$213 million.

The other one that does not show there is that we are in the last year of the Canada-Ontario forest resource development agreement and that planned for a reduction of \$6 million as we wind down. That commitment in funding in 1988-89 is more than what it was last year or the previous year.

**Mr. Wildman:** When, in my leadoff, I referred to some figures on pages 42 and 44 of the estimates book, 44 deals with the FMAs—

**Mr. Goodman:** Yes, it does.

**Mr. Wildman:** —if you look at the figure for silvicultural operations, number 2 under that item—

**Mr. Goodman:** Yes, \$52 million.

**Mr. Wildman:** Yes, \$52 million for 1988-89. Is that right?

**Mr. Goodman:** Yes. That is right.



**Mr. Wildman:** You combine that with the ministry's own forest management activity on page 42 of \$72 million and that is about \$125 million. Is that right?

**Mr. Goodman:** You are combining it with what number, again?

**Mr. Wildman:** On page 42, the ministry's own silvicultural operation.

**Mr. Goodman:** Yes, \$72.6 million.

**Mr. Wildman:** It works out to a total of about \$125 million.

**Mr. Goodman:** Yes. Your math is as good as mine.

**Mr. Wildman:** Okay. Now, if we use those figures for silvicultural operations, both the ministry's and FMAs over the last number of years, can you confirm that there was indeed a significant increase in 1985—a total of \$132 million up from the previous year's \$99 million? That then increased again in 1986-87 to \$171 million. Is that right?

**Mr. Goodman:** I do not have the previous year's estimates with me.

**Mr. Wildman:** These, I can confirm, do come out of your estimates books: \$171 million in 1986-87. Last year it dropped significantly to \$119 million. You are now back up in this year's estimate to \$125 million so that means that you are still spending less than you did in 1985-86.

**Mr. Goodman:** With respect, I think we are looking at apples and oranges. There are a couple of points I would like to make that are not in those figures, Mr. Wildman. The recoveries under the Canada-Ontario forest resource development agreement and many of those dollars—

**Mr. Wildman:** That does not include them.

**Mr. Goodman:** No, that is right, that is the point I am making; oh, you are saying your previous numbers do not—

**Mr. Wildman:** No, they do not. I have those numbers as well, and I can give them to you.

**Mr. Goodman:** Because you would have to look at the \$19 million recovered under COFRDA.

**Mr. Wildman:** If you use the COFRDA figures, the figure for 1984-85 is \$107 million, not \$99 million; 1985-86 is \$143 million, not \$132 million; 1986-87 is \$190 million, not \$171 million; and 1987-88 is \$137 million, not \$119 million. The progression is still as I described it: a significant increase in 1984-85, another increase in 1985-86 and in 1986-87; a significant cut last year and a slight increase this year, so that

you are still spending significantly less than did even in 1985.

**Mr. Goodman:** I cannot respond to the numbers, because I do not have them in front of me, but the other point I would make—

**Mr. Wildman:** I can make a copy of them for you.

**Mr. Goodman:**—which took place this year in this year's estimates, which is unique, is that we responded to Management Board direction and created, as you can see, for the first time, the estimates a forest management agreement activity. In doing that, we had to do some accounting to split out the money from the general vote so we could account for that money in the FMA activity.

We have not reduced our commitment to silviculture. The only numbers I would point to which are for me, as the manager of the program, the bottom line, are the output targets. In 1986-87, we produced 123,607 hectares of regenerated forest; in 1987-88, 135,009 hectares; and this year another 130,000 hectares of regenerated forest, which is the output target. From that money, have been maintained or even increased.

**Mr. Wildman:** Basically, what you are saying is that you are regenerating the same area, slightly more in area for substantially the same money.

**Mr. Goodman:** No, I am not saying that.

**Mr. Wildman:** The 1985-86.

**Mr. Tough:** The numbers Mr. Wildman is talking about ring a bell with me. You pass those numbers, and I believe Rosemary Speer, among others, raised the question with us. We have addressed the apples and oranges in the table. If there is time before the session ends, Peter Allen is going to try to get our notes which explain the variances. There is some road work in there, sometimes it is not. I think we can answer your question.

**Mr. Wildman:** I understand what you are saying, and I appreciate that. I intentionally, though, did not include the item you have listed for roads.

**Mr. Tough:** We understand. I think that is the more important. The other thing I would like to know, however, is that whether we have all the money in the world or whether we do not, we are committed to regenerating as much as we can with as little money as we have to spend. We would not apologize for spending less money if the regeneration was effective.

**Mr. Wildman:** I am not asking you to apologize for that. My concern, though, is what it means in terms of the commitment. If you say you are regenerating the same or more for considerably less, I suppose the end product is what counts. But if you are regenerating the same amount for considerably less, I would like to know how it is being done.

**Mr. Goodman:** Hopefully, we are becoming more efficient. We are using the latest technology. We have a whole host of new entrepreneurs in private nurseries who are getting better at producing trees at reduced costs—

**Mr. Wildman:** That is exactly what I thought you might say.

**Mr. Goodman:** —and we are good at what we

**Mr. Wildman:** I asked in my leadoff if you could confirm or correct the figures that were presented at the forum in Blind River about cost per tree planted.

**Hon. Mr. Kerrio:** Just before you respond, I want to tell the honourable member that at the time I was not prepared to accept his figures. I found out later that I was absolutely right not to accept them.

**Mr. Wildman:** That is quite fair.

**Hon. Mr. Kerrio:** There is quite an explanation behind it, and I am sure my chief forester is going to share it with you.

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**Mr. Wildman:** That is quite fair. I just want to assure the committee that they are not my figures. They are figures that were presented by a member of the Ministry of Natural Resources staff at a meeting in Blind River.

**Hon. Mr. Kerrio:** You are going to get the full explanation now.

**Mr. Goodman:** I have to say that the figures Mr. Wildman presented to us at the outset are correct.

**Hon. Mr. Kerrio:** Yes.

**Mr. Goodman:** He said that the cost for planting trees by an FMA holder is 22 cents.

**Mr. Wildman:** Actually, I said 18 cents.

**Hon. Mr. Kerrio:** It is 22 cents. Well, 21.7 cents.

**Mr. Wildman:** So it is more than my figure.

**Mr. Goodman:** I do not have the Hansard, but it is 22 cents. In actual fact, the cost is 21.7 cents.

**Mr. Wildman:** Okay.

**Mr. Goodman:** The cost for MNR is nine cents.

**Mr. Wildman:** That is what I said.

**Mr. Goodman:** You said nine cents. You said the cost for private contractors was 16 cents. The cost is 16.9 cents. However, you really have to examine what is included in those costs. They are really not comparable. We pay, under the ground rules for the FMA companies, costs that are determined as MNR costs, whether they be for road construction, site preparation or tree planting. That 21.7 cents is the blended cost across the province. If we were out there doing it at the fully burdened cost, that is what it would cost. If it costs the FMA company more than that, then it has to absorb the cost.

The MNR cost of nine cents does not include the permanent staff salaries, workers' compensation payments, all of the other associated things. It is just the out-of-pocket cost of transporting those trees to the site and paying perhaps for contract labour to put them in the ground. It is not a fully burdened cost. The private contractors' cost is a correct one. It takes into consideration all of those costs: workers' compensation, profit margin, legal fees, accounting fees, depreciation of capital.

Those costs are rough estimates and they do not include variation from site to site. For example, there may be some sites, as you know, that are a lot more costly because of terrain, rockiness or whatever, in terms of the site preparation that was applied, and the cost could be different in terms of the species that are being planted. Your costs are correct, but you really have to examine them. If we had fully burdened cost, it would be the same as the FMA holder.

**Mr. Wildman:** Okay. It would be the same as the FMA holder.

**Mr. Goodman:** Because that is what we allow them to charge under the ground rules.

**Mr. Wildman:** I see. Okay, fine. I appreciate that. Thank you. I would like to come back, Mr. Chairman.

**The Acting Chairman (Mr. Philip):** Fine. Mr. Wildman, you have been speaking since 4:11 p.m. We have Mr. Brown and Mr. Pollock on the list. Is there anyone else who wishes to be added? Mr. Black wants to have his name put on. Anyone else who is not on the list? Mr. Dietsch?

**Mr. Dietsch:** No, I am fine.

**The Acting Chairman:** You are fine, okay. I remind you that we are not carrying this vote today, as I understand. There is one more vote, and there will be approximately half an hour, I understand, on Monday to deal with both this and the next vote. Is that your understanding?



**Mr. Wildman:** That is right.

**The Acting Chairman:** Okay. I just wanted to remind members that this is not the last vote; there is one more vote. Mr. Brown.

**Mr. Black:** I think you have your colours mixed up.

**The Acting Chairman:** That is right. I would not want you to think that I think all Liberals look alike. Mr. Black.

**Mr. Black:** We do not necessarily think alike either. We are independent thinkers, all of us, unlike some other people.

**Mr. Dietsch:** An open, accessible government.

**The Acting Chairman:** I would certainly credit that to the gentleman two down to your right.

**Mr. Dietsch:** Who happens to be Mr. Dietsch. Thank you very much.

**The Acting Chairman:** Who happens to be Mr. Dietsch, who is certainly an independent thinker.

**Mr. Dietsch:** A kind compliment. I will put that in my household.

**The Acting Chairman:** The compliment did not do you any good at getting on the standing committee on public accounts when I told your House leader you were one of the best members.

**Mr. Dietsch:** Touché.

**Hon. Mr. Kerrio:** Mr. Chairman, I would like to interject. I would like to stop this kind of interchange, because you just asked me to stop it with the member for Algoma.

**The Acting Chairman:** That is fine, except that mine are compliments.

**Mr. Black:** If you get that in your household, it will be the kiss of death.

I would like to talk about the Algonquin Forest Authority and the interim funding provided to it. It is my understanding that each year the ministry does provide some interim funding to the Algonquin Forest Authority to sort of keep it afloat during the period of time when it may be waiting for receipts.

It is also my understanding that there is often some delay in that interim funding being provided, which forces them to go to the bank and borrow moneys at relatively high interest cost. It is my further understanding that last year there was an even longer delay in providing those interim funds and that the Algonquin Forest Authority found itself in some difficulty for some days in trying to meet payroll.

I was wondering if the minister or some from his staff could help me understand reasons for any delays that might occur.

**Hon. Mr. Kerrio:** I visited them at their annual meeting in Algonquin Park and subject matter was not brought up, so I did not have direct involvement. We will have to wait for someone to respond who has.

**Mr. Goodman:** We are aware of that delay. We speak often with the general manager, Mr. Brown. We have a little difference of opinion even though that statutory authority is there. The Algonquin Forest Authority is a very profitable authority and does have a black bottom line. They were delinquent in processing that payment in an expeditious a fashion as we should have. I have assured the authority that we will flag that in the future so that delay can be shortened.

**Mr. Black:** Thank you.

**Mr. Pollock:** I would like just to comment on this \$11-million reduction in the spraying program. As you know, gypsy moth has hurt forests in eastern Ontario and it has been stated by a Jim Tedforth, who is the co-ordinator for Northumberland, that there was an increase in defoliation in Northumberland county of 360 per cent. One would almost think this is not so much a government body but an independent person. I said the defoliation in that county has increased 360 per cent.

Maybe it is under check in some counties but not as bad as it has been in some counties, but the gypsy moth infestation is moving further west. It is a concern in Peterborough county, too, that it is starting to move to the west.

**Hon. Mr. Kerrio:** I just have an overall comment and then, of course, John can respond to the specifics. It is probably one of the most successful undertakings in negotiating an agreement with the townships and the people in the area affected.

We dealt with very many of the leaders of the communities in the area and struck what was considered was an excellent program with tremendous co-operation. My assistant, Dave MacDonald, and some of the other people who had done some of the negotiating were, in fact, really pleased that it unfolded as it did. We ended up with what we considered a very viable, good program.

As far as the funding is concerned, I would have to ask John Goodman to respond to the variation in the funding.

**Mr. Goodman:** The funding dropped \$11 million, down to about \$5 million this year from



66 million or \$17 million last year. The infestation also dropped off, but we did notice in 1988 that the actual infestation of the gypsy moth increased to about 33,000 hectares and there was a western migration of that insect.

The egg mass counts that have now taken place as a result of the survey indicate that the infestation is going to drop off substantially for 1989. We are looking at the private program operating in the order of about 19,000 hectares and the crown program at about 1,000 hectares. That is not to say, though, that there will not be hot centres of infestation that will be more severe than people had seen before, but in terms of the overall program, that insect population is dropping off quite nicely.

**Mr. Pollock:** Was there not a reduction in what the ministry was paying out to the municipalities? Was there not a different criterion used in 1988?

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**Hon. Mr. Kerrio:** We developed a final formula, ultimately, to carry on in the future.

**Mr. Goodman:** There is a new, three-year agreement that was negotiated with the county officials. The formula is 75-25. This fiscal year, 1988-89, was the first year of a three-year agreement.

**Mr. Pollock:** Who pays the 75 per cent?

**Mr. Goodman:** We do. The land owner and the municipality pay 25 per cent.

**Mr. Pollock:** Was this reduction of \$11 million all transfer payment?

**Mr. Goodman:** No, the \$11 million was the total program that included spruce and jack pine budworm, which were major programs in northern Ontario where those infestations were much larger than the gypsy moth program.

**Mr. Pollock:** Did they drop off this year?

**Mr. Goodman:** Yes.

**Mr. Pollock:** More this year?

**Mr. Goodman:** The jack pine budworm is virtually collapsing and the spruce budworm is down significantly as well.

For example, in 1988 the spruce budworm was about five million hectares across the north and the egg mass counts now are telling us that we can expect, in 1989, something in the order of 5,000 or 35,000 hectares, down from five million. It is a virtual collapse.

The jack pine was at about 700,000 hectares in the summer of 1988 and that is dropping to about 100,000 hectares. The jack pine was one whose life history we did not really know. We had not

studied it that much. Some people said it was going to collapse; others were saying it would not. In fact, it collapsed.

**Mr. Pollock:** Any reason for its collapsing just like that? I know these things run in cycles. Is that what you are saying?

**Hon. Mr. Kerrio:** It is good management, actually.

**Mr. Goodman:** You will get as many reasons as you will ask different entomologists.

**Hon. Mr. Kerrio:** It is very cyclical.

**Mr. Wildman:** That is not one of them.

**Hon. Mr. Kerrio:** Yes, but it is on the record, Bud.

**Mr. Goodman:** It is influenced by climate, it is influenced by parasites; the populations increase as this insect increases. It is increased by local weather conditions. In some places, in spruce, they just chew themselves out of house and home in terms of the balsam that is available. That is their preferred diet and in many cases when that foliage drops off, the insect population also drops off.

**Mr. Pollock:** Have you done any spraying in regard to tent caterpillar? Do you see that as a real problem? They defoliate the forests and they are able to come back, but if they do it for too many years, they are gone.

**Mr. Goodman:** We have not intervened with the tent caterpillar. That population—and you can go back over a 40-year or 50-year period—fluctuates on a pretty regular cycle. We view it as another stress factor out there, particularly in the Great Lakes-St. Lawrence forests. We have intervened from the ground, with ground spraying, only on very highly valued stands of hardwood, walnut, cherry, that sort of thing, and in areas of aesthetic value or campgrounds where they may be an irritant to folks' wanting to enjoy their vacation.

We do not have a program of broadcast spraying with *Bacillus thuringiensis* to manage that. We consider it an irritant.

**Mr. Pollock:** Does Bt work effectively on it?

**Mr. Goodman:** Yes.

**Mr. Pollock:** Basically the same as gypsy moth?

**Mr. Goodman:** Yes.

**Hon. Mr. Kerrio:** Bt as well?

**Mr. Goodman:** Yes.

**Mr. Pollock:** I mentioned in our first deliberations that one conservation authority recorded that about 70 per cent of the trees planted in the

spring died. I have other figures now that say the overall situation is between 50 and 60 per cent. Is your ministry going to do anything along that line to help out these conservation authorities to replant what has died this year, along with planting new areas in 1989?

**Hon. Mr. Kerrio:** What program might we be considering there, if any?

**Mr. Goodman:** The member is correct in that there is a serious problem associated with seedling survival as a result of the 1988 drought. It caused mortality in those new and younger plantations, especially the ones that we put in in the spring of 1988. It varies by site, of course, in terms of whether some sites have more moisture retention than others.

The estimated losses—we have gone out and done some walking and ocular estimates—range from 15 million to 20 million trees which may be dead as a direct result of the drought. The losses in northern Ontario appear to be slightly higher.

**Mr. Pollock:** Why? I thought the drought was basically in southern Ontario.

**Mr. Goodman:** I think the reason is that in many cases the sites we are planting in northern Ontario, in the boreal forest, are shallower sites and do not have the ability to maintain the moisture that some of the conservation lands do, where there is deeper soil.

What we are doing is attempting to confirm the extent of the losses. We are trying to put together some options and some strategies for retreatment so that we do not lose that whole investment, where we can go back in and refill those plantations. At the moment, we are collecting the data and taking a look at them. We are taking a look at our ability in our nursery capacity to see if we have the nursery stock to provide, particularly to the conservation authorities. We are also taking a look at the costs of doing this, and we will be putting it all into a strategy as to how we might deal with it in 1989.

**Mr. Pollock:** If you plant a really young tree, can it die more quickly? If you plant a little older tree, does it hang on longer or better?

**Mr. Goodman:** As a general rule, although we do not have any numbers on it, the larger the nursery stock, the more resilience it has. Of course, bare-root stock is more resilient than the small container stock that we are putting in the ground. As a broad statement, I would say that the bare root, older, 22 or 30 weeks old stock, probably has done better in a drought than the container stock that is 16 or 18 weeks old.

**Mr. Pollock:** Bare-root stock means that you take the carton right off and put it right in?

**Mr. Goodman:** No. The bare-root stock is stuff that comes out of the nurseries with a root structure on it. Usually they are two years old or three years old. In some cases, they could be transplant stock where they were two years in a seed bed and another year in a transplant bed, opposed to container stock where they are grown to an age of about 16 or 18 weeks and then planted out. With container stock, the container actually goes in the ground.

**Mr. Pollock:** It is just one of those little Di cups. Is that what we are talking about?

**Mr. Goodman:** It is similar to that, yes.

**Mr. Pollock:** What about the use of fertilizer along with them, commercial or otherwise?

**Mr. Goodman:** The container stock is well hardened and treated and fed before it is planted out. The bare-root stock is not.

**Mr. Pollock:** Yet it has never been sidedressed with fertilizer to see if it had more resistance to the drought?

**Mr. Goodman:** It probably would help, but it would be a massive program. With 160 million trees going in the ground, you would spend millions of the available money on fertilizer.

**Mr. Hampton:** I have a couple of questions that pertain mostly to the northwest. I understand that the ministry did a lot of aerial seeding of a fair amount of aerial seeding in the northwest this last summer. Is that correct?

**Mr. Goodman:** I do not know the numbers, but I do know that they do a fair amount of aerial seeding on the sites, particularly on the Bois Cascade limits and on the crown units in those areas.

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**Mr. Hampton:** Has the amount of aerial seeding increased over what it was a few years ago? What is the historical pattern in terms of aerial seeding?

**Mr. Goodman:** I do not have numbers, but as a general rule, I would say that it is increasing due to our effort to put in a balanced forest management program. By "balanced" I mean that within the available resources there has to be the right mix of seed collection, nursery stock production, site preparation, planting and other methods of what we call low-cost regeneration which include things like shear-blading in the clay belt or aerial seeding in other parts of the boreal forest, so it is a mix of those things. We have demonstrated results from those other



low-cost regeneration systems and the program that there is using more and more of those silvicultural techniques.

**Mr. Hampton:** By that, you mean aerial seeding?

**Mr. Goodman:** That is one, yes.

**Mr. Hampton:** Do you have the figures on increasing usage of aerial seeding over the last—

**Mr. Goodman:** Yes, we could make it available. It would be a matter of digging into our data collection system, but that is easy enough to obtain for you.

**Mr. Hampton:** Okay.

**Mr. Goodman:** Maybe we could define how far back you want us to look at it.

**Mr. Hampton:** The last five years?

**Mr. Goodman:** Okay.

**Mr. Hampton:** What I want to know is whether there has been a corresponding decrease in seedling planting over the same period.

**Mr. Goodman:** The answer is no, and I have no figures I could give you on that.

**Hon. Mr. Kerrio:** Are they 10 years ago \$70 million, this year \$163 million?

**Mr. Goodman:** Exactly, yes. Last year, in 1987-88, it was \$163 million and this year \$160 million plus, and we can go back a number of years: 1986-87, \$155 million, and then fiscal 1979-80, \$69 million.

**Mr. Hampton:** I would appreciate if you could make those available.

**Mr. Goodman:** There is a point that I missed that I should have thought about in terms of that trend to aerial seeding in the northwest. Aerial seeding always shows up either the same fiscal year or the next fiscal year as a blip on our chart following a bad fire year. If we lose a couple of hundred thousand hectares of productive forests that are susceptible to success with aerial seeding, we will go out and do a lot more aerial seeding because we have the sites available from wildfire.

That took place in 1979, after the 1980 fire season, after the 1981 fire season; and you will see another one after the 1988 fire season, when we had another fairly extensive fire season. Aerial seeding follows those fire years so that those sites are brought back quickly.

**Mr. Hampton:** Have you done follow-ups to determine how successful the aerial seeding is?

**Mr. Goodman:** Yes, we have surveys.

**Mr. Hampton:** Do you make those studies available?

**Mr. Goodman:** Yes, we can, if you could define which units or which areas.

**Mr. Hampton:** How about Boise Cascade's limits?

**Mr. Goodman:** Okay. The Seine River forest management agreement?

**Mr. Hampton:** Yes, and I guess there is the Manitou.

**Mr. Goodman:** Yes, we can do it for those two units.

**Mr. Hampton:** Generally, what do the surveys show about the success of aerial seeding? What do the studies show?

**Mr. Goodman:** Off the top of my head, I do not know, except to say that it is a way of regenerating and renewal and it is successful. To say that it is 70 per cent successful or 80 per cent successful, I do not have the numbers.

**Hon. Mr. Kerrio:** Considering the kind of resource we have now for gathering the seed and storing it against eventualities as well, looking looking at the new initiatives, it would appear that we are doing everything that can be done at that end of it to produce the kind of seed that would have the best chance of regenerating in a major way.

**Mr. Goodman:** Yes, in terms of our tree improvement program where we are spending a considerable amount of effort and resources in producing genetically superior stock and establishing seed orchards in the various seed zones across the province, collecting only seed from those orchards that we would use for that program, the viability of that seed and the genetic structure of that material are now superior to what they were even just a few years ago.

**Mr. Hampton:** Let me ask you this then: What is the comparative success rate between aerial seeding and hand planting of seedlings? Do your studies show that?

**Mr. Goodman:** Yes.

**Mr. Hampton:** After five years, do they show that?

**Mr. Goodman:** Yes, they would. I do not know the numbers, but I am sure that my daughter could tell you that a tree that is two years in a transplant bed is going to survive and probably do a little better in the short run than if you just throw a seed on top of the snow or on top of the soil. However, we do know that by aerially seeding we can bring back a crop, after which we would then have to tend it to make sure that it is at the right stocking and density levels for the final crop. When you are planting, you can control the



density and the stocking, so that you do not have those costs later on. You save substantial money by aerial seeding as opposed to planting, but you have to spend some money in the aerial seeding to bring the stand to free-to-grow and to the right density and stocking levels. The numbers are there.

**Mr. Hampton:** What you are saying is it is cheaper to plant using aerial seeding initially?

**Mr. Goodman:** Yes.

**Mr. Hampton:** But you have to do more tending down the road?

**Mr. Goodman:** Yes, as a general rule I would agree with that.

**Mr. Hampton:** Okay. Do you have the figures for the areas we have looked at, the Seine River forest and the Manitou forest, as to how much money is being spent on down-the-road tending? In other words, you indicate that aerial seeding has increased, right?

**Mr. Goodman:** Yes.

**Mr. Hampton:** I think you said it has increased over a number of years; it is not just a sudden thing, but it has increased—

**Mr. Goodman:** No, it is a purposeful trend in the balanced program delivery.

**Mr. Hampton:** Okay. Then I would assume that the tending practices would also be purposeful.

**Mr. Goodman:** Yes.

**Mr. Hampton:** Can you indicate how much more has been spent on tending in those forests?

**Mr. Goodman:** I do not know whether those data are available. I would have to go back and look at the age of those FMAs, as to whether we have done the five-year free-to-grow analysis. If available, we will certainly make the data available.

**Mr. Hampton:** Okay. Let me be frank. I speak to the Boise Cascade foresters in my area and I speak to some of your own foresters in my area, and the general tenor of their comments is that they are not happy. Many of them frankly do not feel that the aerial seeding, though it may be called for in certain circumstances where you have a forest fire, etc., is going to do the job. I would be very interested in what studies you have in terms of the increased tending that is going on in those forests and anything which indicates the comparative success rate or—just leave the comparative numbers—what the success rate is.

Just so we can be sure of what we are talking about, Mr. Wildman made these remarks in his leadoff. His comments come from the Boise

Cascade comments on the five-year report of FMAs. They said: "The company is very concerned," first of all, "about the low number of nursery stock currently made available for regeneration programs in the Manitou and Seine River forests. These FMAs currently receive insufficient stock to treat only 20 per cent of the area harvested. It is about half of what is required."

It also says, "The company has accepted what it considers—"

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**Mr. Goodman:** Ontario Paper Co. Ltd.

**Mr. Hampton:** Oh, sorry. That is Ontario Paper. But on the one hand Boise Cascade Canada Ltd. is saying it is not happy with the amount of seedling stock it is getting; it is not enough to treat 20 per cent of the area harvested. On the other hand, it has voiced some concern about the aerial seeding and the tending that goes on to make that a viable regeneration mechanism. So anything you could provide which indicates what kind of increased tending is going on would be very much appreciated.

**Mr. Goodman:** Yes, thank you. We would undertake that.

**Mr. Tatham:** On seedling plantings: How many areas do we have in southwestern Ontario or at least southern Ontario, where we grow small trees?

**Mr. Goodman:** Nurseries in southern Ontario?

**Mr. Tatham:** Yes.

**Mr. Goodman:** We have four major nurseries in the south: One at Kemptville, one at Orono, one at Midhurst and of course, St. Williams.

**Mr. Tatham:** Do we swap back and forth? People tell me that sometimes in some areas where they have a surplus of trees of one type they are dug in and not transferred from one species to the other.

**Mr. Goodman:** The nursery production is managed centrally. In fact, some nurseries are contracted by other regions to provide stock. An example is the Orono nursery. Over the years, it has produced stock for the Kirkland Lake area. So nursery stock is rationalized and shipped across boundaries.

**Mr. Tatham:** So that there is no danger, the idea of producing, say, white pine in one area and then would not be dug in? The seedlings would be shipped back and forth across the province?

**Mr. Goodman:** If they are ready for shipment and are scheduled for shipment. The controlling

ctor there is the seed source. The seed, as a general rule, should come from the region that the trees are going to be planted out in. If you are going to plant white pine in Pembroke, the seed source that grew those trees, say, in Kemptville, should have been collected from that site region in the Pembroke area.

**Mr. Tatham:** Why is that?

**Mr. Goodman:** You are putting the seed back to the same area where it has, over the years, been genetically buttressed to the local climate. You do not want to plant spruce trees that were grown from seed in Ganaraska and planted in Lenora, because the genetics of those seedlings are quite different; those trees are quite different. We collect the seed from the site regions where the trees will be planted.

**Mr. Tatham:** All right. Thank you. I have asked this before and it is probably a silly question, but we have the tobacco area in southern Ontario that has a little bit of a problem. It is skinnier than it used to be, and the on Norfolk and plain down there, we have lots of heat units and we get a fair amount of moisture. I have always felt that we should be trying to grow nut trees. Have we ever attempted to do something like that?

**Mr. Wildman:** The Ministry of Agriculture and Food plants peanuts.

**Mr. Tatham:** Those are ground nuts.

**Mr. Goodman:** I do not have any accurate information, and I should have, on this subject. I think there is some discussion going on with the forestry group in London about the possibility of nut tree opportunity on those particular areas, but I do not have the details.

**Mr. Dietsch:** The conservation authorities are also into the nut tree.

**Mr. Goodman:** Bob Bugar is the nut tree specialist.

**Hon. Mr. Kerrio:** Oh, right. Bob is the southern Ontario assistant deputy minister. He would know about the tobacco country.

**Mr. Bugar:** Mr. Chairman, I must explain—

**The Acting Chairman:** Mr. Bugar, I can see that you are excited. Go ahead.

**Mr. Bugar:** I think the answer is that we have not in a major way got into looking into the question of nut trees. There are significant hardwood trees being grown at St. Williams and there are some private individuals who are looking into the possibility of establishing nut tree plantations for commercial purposes, but there is nothing in a large-scale way going on.

The soils that you are talking about in the tobacco lands are not really ideally suited to nut tree production. Those trees grow much better on really what amount to class 1 and class 2 agricultural lands. The best use for the tobacco lands would be either scotch or red pine.

**Mr. Tatham:** There is a lot of white pine.

**Mr. Bugar:** Sorry, white pine will grow well too, yes. So it is the pines as opposed to the nut trees that would be the best trees to be trying to grow there.

**Mr. Tatham:** Actually, I am just trying to find some crops that will perform for us because there is an awful lot of land down there and the tobacco is not what it used to be.

**Mr. Dietsch:** Supplementary to that, I am just wondering if in fact there have been any experiments with nut trees in any other area. I am aware of private entrepreneurs in my particular riding in Niagara-on-the-Lake who are growing nut trees. I am aware also that the Niagara Peninsula Conservation Authority has undertaken a grove in that area as well. Is there any other experimental plantation or a view towards looking at nut tree cultivation in the long term, or is it just starting?

**Mr. Bugar:** I would say that it is just starting. The recent opening up of the tobacco lands is an area that has led to more interest. Unfortunately, by and large, nut trees will grow better on the better soils. They are not generally as productive as the agricultural crops that you normally can grow on those soils. So it is not widespread, but there are some attempts at starting it.

**Mr. Wildman:** You will recall that in the leadoff remarks I asked for figures with regard to legal fees and the cost of staff attending the environmental assessment hearings in Thunder Bay.

**The Acting Chairman:** We have before us Larry Douglas, director of the environmental assessment branch.

**Mr. Wildman:** Legal costs are \$280,000 so far?

**Mr. Douglas:** That is for 1986.

**Mr. Wildman:** Okay, 1986-87.

**Mr. Douglas:** Yes, you have complete costs for 1986-87 and 1987-88, and for 1988-89 you have the first six months of the fiscal year.

**Mr. Wildman:** So far, it is about \$440,000 for the total cost? Is that right?

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**Mr. Douglas:** No. It would be approximately \$1.2 million. You have \$280,000 on 1986-87.



You look at the top, it would be \$480,000 and then you add another \$450,000.

**Mr. Wildman:** Okay. Those are the legal fees. But if you take in all of the costs, what is the total when you add them all up then?

**Mr. Douglas:** That would be \$1.02 million, plus \$1.7 million and \$1.7 million. So it is about \$4.5 million.

**Mr. Goodman:** It would be \$4.53 million.

**Mr. Wildman:** The travel costs and accommodation are about \$900,000.

**Mr. Douglas:** Yes, but that includes some B salary staff as well; it is not just travel.

**Mr. Wildman:** Oh.

**Mr. Douglas:** Travel accommodation and support—

**Mr. Wildman:** So you are talking about support staff; clerical people and suchlike?

**Mr. Douglas:** Yes, that is under the salary component there.

**Mr. Wildman:** Yes. All right, thank you. You will recall that in my opening remarks, when I was talking about forestry, I raised some concerns about what, as a layman, I perceived to be, in both short and long term cases, supply problems for the mills across northern Ontario. I used some examples of different areas. I indicated that certain members of the Ministry of Natural Resources staff have indicated to me that, for instance, in the Sault Ste. Marie area there has to be "a rationalization of the mills." What does this mean? Where are we in terms of being able to supply the mills in the Sault Ste. Marie district, taking that as an example, with the timber they need in order to maintain current employment levels, considering the markets that those companies have.

**Mr. Goodman:** On a macro level, the wood supply situation in the province, on a sustained yield basis, is what we call tight but manageable. That material was presented in evidence package 4 at the environmental assessment hearings in Thunder Bay in substantial detail.

We are also undertaking another demand study in concert with our new timber production policy initiative that is under way. There will be cases where individual mills may experience a supply problem or a quality problem, usually a quality problem. If it is a supply problem, often it is the result of a mill that was based in the first place on private wood and private land, and now they are coming to us and saying, "We need wood to sustain our operation." Those cases will occur from time to time and we hear about them often

and we attempt to deal with them by assuring ourselves that all the available wood within economic haul distance to those facilities is made available.

The point I want to make is one of sustained yield. That is the principle that we follow very religiously in this ministry. It is a forest management principle that is meshed in every timber management plan that is approved. It allows us to predict the continuous availability of products. Every timber management unit in the province is managed on that basis and every forest management agreement is managed on that sustained yield basis.

**Mr. Wildman:** Thank you, Mr. Goodman. I just wonder if you could respond specifically to the Sault Ste. Marie district.

**Hon. Mr. Kerrio:** Do you mean the Martin involvement?

**Mr. Wildman:** Well, you have two G. W. Martin Lumber mills. You have two Lajambe Forest Product mills. You have St. Marys Paper. You have a number of smaller sawmills in the Sault Ste. Marie district. Can we supply those mills?

**Mr. Goodman:** I guess we would have refer to our track record in that they have been supplied and perhaps—

**Mr. Wildman:** I mentioned Lajambe, too.

**Mr. Goodman:** Lajambe, perhaps, is one of those that relies a lot on purchased wood and private wood. We are not a major player in the Lajambe wood supply.

**Mr. Wildman:** In other words, you cannot

**Mr. Goodman:** I do not have the specific inventory data for the mix of wood. I can speak specifically to G. W. Martin in terms of the wood supply needs. We can supply Martin, all four mills—two at Searchmont and two at Sault Ste. Marie—based on historical wood flow patterns and their licence arrangements and the purchased wood out of either Michigan or out of the ACR which is about half their wood supply. They purchase 20 million or 24 million board feet a year. The crown provides another 20 million board feet off the licences. That is on a sustained yield basis. There is a quality problem with that. I do not have the numbers for Lajambe. I cannot provide them.

**Mr. Wildman:** Lajambe's Heyden mill is shut down right now. The Garden River mill is working at one shift. It is not because they do not have a market. They just do not have the supply.

G. W. Martin, as I understand it, keeping in mind the sale is going on, is anticipating shutting



own the sawmills at Searchmont—that means a lot of 68 out of about 120 jobs—and maintaining the veneer mill at Searchmont, while maintaining 10 mills in Sault Ste. Marie; supplying those three mills left from private sources and from the two licences, the old Weldwood licence and the Weyerhaeuser licences. As I understand it, G.

Mr. Martin's position is that they cannot get enough quality timber to maintain all four operations. That is why they want to cut one.

**Mr. Goodman:** I do not know all of the reasons associated with their business decision to attempt to scale down Searchmont or restructure their company. I do know quality is one reason. Markets, I am sure, are another. They also have some old technology, as you are aware, at Searchmont, that does not place them all that well in the marketplace.

There is a whole host of reasons, one of which is quality, and that quality problem in the hardwood forest is not unique to the Martin operation in the Searchmont area. Other mills have recognized that well in advance and have changed their technology or their product mix to better accommodate the wood which is coming through the mill gate.

**Mr. Wildman:** I certainly do not presume to speak for them, but I understand from information I have from meeting with the principals of Martin and other discussions I have had by phone with them that their position is that they do have the timber available on the Weldwood limit to justify the kind of expenditures for new technology at Searchmont.

**Mr. Goodman:** That is a business decision they would have to make—

**Mr. Wildman:** I agree with that, but it is based on the source of quality timber, which is what I am asking you about.

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**Mr. Goodman:** My answer is that the crown has provided 20 million to 22 million board feet a year at crown licence, and can continue to provide that on a sustained yield basis. It may not be of the quality that they need to produce veneer. However, it is available on a sustainable basis.

**Mr. Wildman:** I will not prolong this, but right now they are saying that they can continue until 1990 or 1991 taking timber off, concentrating, with the largest volume coming off the old Weldwood limit. By that time they will have exhausted the timber to the point where they would still be taking timber off that licence, but

the majority of the timber they would be taking would then shift to the Weyerhaeuser licence.

This is a very serious concern. People in your ministry have said there has to be a rationalization of mills. I am trying to find out what that means. They said it; I did not. Mr. Isherwood said it.

**Mr. Goodman:** The Premier (Mr. Peterson) also recognized that when he established Mr. Rowan with a mandate to examine the forest sector, and in particular the sawmilling sector. I guess when Mr. Rowan brings down his recommendations to government, hopefully he will address whatever that rationalization does mean.

**Mr. Wildman:** That leads me to correspondence I had with Mr. Rowan. Mr. Rowan informed me in a letter this week that he has not been asked by the government to do a study of the Sault Ste. Marie timber resources and what it means for the mills in that area.

**The Acting Chairman (Mr. Philip):** Does the minister wish to respond to that?

**Hon. Mr. Kerrio:** I do not think there is any answer to it, he has answered his question. If that has not happened, it has not happened.

**Mr. Wildman:** It does not jibe, and I am not accusing anyone, but it does not jibe with what Mr. Goodman just said.

**Hon. Mr. Kerrio:** No, we are saying that he has rationalized the amount that was available, that has been ongoing and that it is sustainable, and there is much, with the requirement coming from other sources, and that when we look at the study Mr. Rowan was commissioned to do, it was quite different than what you are asking in this particular instance.

**Mr. Wildman:** I agree. It is just really not what we were just told.

**Mr. Tough:** I think the issue here is—and we are very pleased that the company was able to brief you and Mr. Morin-Strom.

**Mr. Wildman:** I appreciated it too.

**Mr. Tough:** I believe it was at our suggestion that they do so, so that there was a common understanding and you are aware of the company's position. It is a position they took with you, and I think it is the same as they took with us. I am not in a position, nor, I think, is anyone, to disclose their thinking, but I think the briefing you had would indicate that they appreciate the need.

They are arguing very strenuously for a rationalization of their facilities on an economic basis, so we have examined that, and I believe we

are quite sympathetic to their position. We recognize that there is not a solution we can see which maintains the status quo, so what we are examining is how best to maintain the largest number of jobs in both of those places and yet leave an operation of that company in the general area that is viable. That is the position that the company has taken.

We know the member's views on the allocation of the wood and the reluctance he has towards the proposition that the wood ought to move to another mill.

**Mr. Wildman:** It is already going there, but they are still maintaining the volume of outputs they would have if the wood were going to that mill.

**Mr. Tough:** Yes.

**Mr. Wildman:** That is a historic concern I had when G. W. Martin purchased the Weldwood mills. I, suspicious as I might be accused of being, thought that they were after the timber because of the concerns about timber supply, that they did not particularly want the mills in 1985.

At that time I contacted the minister and indicated that he should raise that with them, and I appreciate the fact that he did and that it led to a verbal commitment that they would maintain the operation at Searchmont. That remains my position and it is certainly the position of the people who live in Searchmont. I will leave that for now.

I raised at the same time, in the comments at the outset, concerns about areas like Hearst and Chapleau. Are we in a similar situation there with quality concerns and supply concerns, that we may have too many mills for the timber that is available in those districts?

**Mr. Goodman:** That is a subject that Mr. Rowan is fully enmeshed in. I look forward to seeing his report. I am aware of a consultant study that he has commissioned and hopefully he will bring down a report in the near future specifically looking at both the Chapleau-Hearst plant infrastructure and supply situation.

**Mr. Wildman:** Will Mr. Rowan's study also look at the possibilities of applying new end uses such as chemi-thermomechanical pulp and so on in those areas?

**Hon. Mr. Kerrio:** There is an initiative at Wawa that we are examining and some of this flows from the Woodbridge, Reed report. I think that was an excellent report. That was one we commissioned because of Dr. Baskerville's concerns and certainly I think that those initiatives are important and there has been some

interest with the Corporation of the Township of Michipicoten looking into a bleached chemi-thermomechanical pulping plant.

I guess to the member for Algoma the studies and best end use, I think, are becoming more and more important. We originally commissioned the Herridge report to Dr. Kayll, it went part way through it and then was recommended to go to Ottawa. Mr. Herridge has not completed that report and it is out for examination.

**Mr. Goodman:** Yes, it is out.

**Hon. Mr. Kerrio:** That is going to be very important to the future of best use; it will tie in with the other information that you might bring back.

**Mr. Wildman:** I would be interested if you can at some other time give me some indication of what it looks like for the possibility of CTM or chemi-thermomechanical pulp in the Wawa-Sault Ste. Marie area.

**Mr. Goodman:** We can give you an update on the Wawa situation. That has been a very attractive initiative by the Michipicoten municipality there. There is a very active investor, Parsons and Whittemore, that is very active pursuing that investment. We are working with the Ministry of Industry, Trade and Technology and the Ministry of the Environment to see that come to some fruition.

What is planned is a bleached chemi-thermomechanical pulp mill using 100 per cent hardwood. It is a very attractive opportunity there using a species that in the past has been difficult to put into the current mills.

**Mr. Wildman:** I will not pursue that because I suspect it is all in flux. I would just like to ask, in regard to the studies that are being done by Mr. Rowan and the Temagami area, can anyone in the ministry tell us at this point, at current levels of demand—that is, at the markets that Milne has separate from what may be happening with the problems with the bank—and the demand that we had for timber and Goulard and Liskeard, how long the timber will last in the area where the roads are going to be constructed?

**Hon. Mr. Kerrio:** Are you thinking of the Red Squirrel and Goulard roads?

**Mr. Wildman:** Yes.

**Hon. Mr. Kerrio:** We are looking at a full size of our management plan for that whole area. We are looking at about 40 per cent of the area that we require to continue a sustained yield because if we do not get the wood from that point and we put pressures on the immediate area, the



ty to manage that whole planned area comes much more difficult.

We feel that with the Red Squirrel—and you know this is one of the things that is very disturbing about that whole initiative—it has been a lot of much misunderstanding. Even the extension to the Red Squirrel Road is over a road, half of which was a logging road in the 1940s and 1950s, and we have maps here of a tremendous number of camps in the area. So when we are talking about that area and the difficulty of dealing with the numbers of people coming in our way, that is vital to the management of that whole planned area.

The Goulard Road is something I know some people did not understand. You are talking about a two years' supply in there. That is far from the truth. The fact of the matter was they were miscalculating the total demand of the mill and the amount of stand that was there and it would have been gone in that length of time, but that is not the reason the Goulard Road was being put to.

What they were talking about was drawing in that for two months in the winter, and on a seasonal basis we were looking at a six-year to ten-year wood supply and then bringing it back into the inventory as we went through the process of silviculture and replanting. The Red Squirrel, coupled with that area, is a fair amount of the area required to continue to have a sustained yield. It is not in the short term we are concerned about.

I asked questions today of my people, and there is no shortage of supply to William Milne & Sons. They have a yard with wood in it. They have the wood that has been cut that is lying there in inventory. That is really the proof of the pudding, some of the questions that have been raised, the fact that there is wood in their woodyard and wood that has been through their mill. The supply has never been in question. While there are those people who question us, it has never been in question.

The requirement of the balance of the area is a fact if we are going to have sustained yield, and we will support all of the mills in the area if we are allowed to go in there and manage the resource as we have described it. But that huge area is 40 per cent of what we need to continue to supply all the mills in that whole planned area. I think the story has not been told in a proper way and there is much misunderstanding about it.

**Mr. Wildman:** If Milne goes out of business, the vice-president of the company indicated in the press it would, then what you are

saying is there are even more years of timber available if that mill is no longer operating.

**Hon. Mr. Kerrio:** One of the major reasons—you have heard this said many times—it is going down is because it cannot service a \$5-million debt. The opportunity is still there. The wood is still there. If a mill came in and did a bit of modernizing in that area, we have the wood supply to bring to that mill. We are very optimistic about the future of that whole area.

**Mr. Wildman:** The comment that was in the press today—I do not have it before me; I am saying it from recall—from the vice-president of the company was that the announcements to open up the area that were made on Tuesday were too late for his company, that if they were designed to provide timber for his company to assure him of timber supply, they were too late.

**Hon. Mr. Kerrio:** Of course, I take exception to that. I have just suggested to you that there is wood in the woodyard. There is wood out there that has been cut to be shipped, and that has always been the case since we said we would provide adequate alternative supply until we could get those roads in. Is there any more to add to that, Mr. Tough?

**Mr. Tough:** No, that is the position we have taken in our discussions with Milne in the recent past. That is the position that has been taken by Mr. Rowan with the company. We agreed to provide interim wood supply until the Red Squirrel Road is constructed, and we have been talking with the company over the past several weeks on identifying specific wood supply areas. They know where they are, and we are working with their forester in developing road plans and so on.

**Mr. Wildman:** Is the study by Mr. Rowan for the long term in the area supposed to be ready in January? Is that your understanding?

**Hon. Mr. Kerrio:** I think that is right.

**Mr. Wildman:** Okay. Can you give me some clarification? I am a little confused on what Mr. Rowan is actually studying. He is looking certainly at the Temagami area. You have indicated he is involved in looking at sawmill demand in Chapleau and Hearst. What are the parameters of his work?

**Mr. Tough:** Other than the Temagami area in which we are very heavily involved with Mr. Rowan, I think the issue of what his other assignments are is one you would probably want to address to another minister.

In the Temagami area, his assignment is fairly straightforward, however difficult it is, and is to



ascertain whether there is a basis for a viable sawmill on the Milne site. He is looking very closely, with the assistance of the Criq group at Laval, at the configuration of the mill, at possible changes in the way the mill is run, at scenarios for various levels of wood supply, species mix and so on, and at the market to determine whether there is a basis for a viable mill at that site.

**Hon. Mr. Kerrio:** I guess I neglected to put one thing on the record, and I think it is important because it couples closely together with this. That is the support we gave with the guarantee on the \$750,000 loan, which is pretty significant as well. We really feel we have lived up to our obligations, not only in providing the wood supply but also in helping with that formidable \$5 million debt servicing, helping them along to see if they can come out of this.

**Mr. Wildman:** From his comments in the newspaper, I understand the principal of the company has indicated the only way the company can survive at this point—to use his words; I think I am quoting accurately—is if Mr. Peterson shows up with a chequebook.

Since obviously Mr. Rowan is under the aegis of the Minister of Industry, Trade and Technology (Mr. Kwinter) and his ministry, I will not raise further questions about his work with you except to ask if the Ministry of Natural Resources would react adversely to a suggestion that Mr. Rowan's work, after he completes the immediate work in regard to Temagami, could be expanded to deal with the situation in the Sault St. Marie district.

**Hon. Mr. Kerrio:** I certainly would take that as notice, to put that question. You know my position, but I certainly would be prepared to do that.

**Mr. Wildman:** Thank you.

**The Acting Chairman (Mr. Philip):** Do you have any further questions, Mr. Wildman?

**Mr. Wildman:** No, thank you.

**The Acting Chairman:** Mr. Pollock.

**Mr. Pollock:** One thing I neglected to touch on when we were talking about the gypsy moth is that there are some people with fairly large acreages of land. If it is a 75-25 split, what would it cost a person who had 1,000 acres to get that land sprayed? Could you give me, just off the top of your head, a general idea? What happens in some of these cases, if they have a large acreage and they get very little revenue off it, is they just neglect to even spray it.

**Hon. Mr. Kerrio:** Mr. Bugar, do you have that information?

**Mr. Bugar:** It would cost \$5,000.

**Hon. Mr. Kerrio:** What kind of figure are you using per acre, Mr. Bugar?

**Mr. Bugar:** The current figure this year is \$20 an acre. At 25 per cent cost to the land owner, it would be \$5,000.

**Mr. Pollock:** I am afraid you would find that a lot of land owners who had some of those large tracts of lands would not bother spraying at that cost. They do not generate—especially in the case of huckleberry rocks, as some of them refer to them—that kind of income. There is some benefit but not that much.

**Mr. Bugar:** If I may, part of the reason for having the land owner pay a reasonably significant amount of the cost is really that it imposes the discipline on him or her to look at the value and if in fact they are huckleberry rocks, then maybe it is not appropriate that anyone spray them. We argued vigorously with the municipal politicians and the land owners and I think we agreed that this was not an unreasonable position to take. If there is not that kind of value to the land owner, then it is concluded that it is not appropriate it be sprayed. That is where we got to.

**1740**

**Hon. Mr. Kerrio:** In addition to what Mr. Bugar has said, we negotiated two or three agreements before we went into this three-year agreement, so we felt all the avenues that should have been explored were explored right down to the minutest detail. We talked about everything that could be talked about in coming to the final agreement. I am not sure we could start looking at different size areas for different programs. This was what seemed to come down and we were satisfied most of the people there. I cannot say much more than that. That is what caused us to go into a three-year program.

**Mr. Bugar:** If I may add, the exception to this 25 per cent rule is that if an area is agreed upon as a hot spot from which the bug could expand, and therefore deserves spraying in terms of preventing further spread next year, then we will look at it. That is based on a 90-10 split. If there is an area that could cause trouble to neighboring areas, we will spray with a greater percentage for that area of the province. If it is simply an area of preventing defoliation, I think we have arrived at a reasonable alignment of the responsibilities and the cost responsibilities.

**Mr. Pollock:** A small land owner would accept that particular cost, but with a large tract of land, it is a different story.

**Mr. Miller:** Could I ask a supplementary question? Who applies these sprays? The ministry?

**Hon. Mr. Kerrio:** We hire Ministry of Agriculture and Food spray planes.

**Mr. Miller:** Is that worked out with the municipalities, too?

**Hon. Mr. Kerrio:** There is the administration they get the people who register. Then we pay 75 per cent of the cost and they pay 25 per cent.

**Mr. Miller:** I know there was a request in our area in Norfolk last year; they were trying to work with the municipalities and MNR. So that agreement has been arrived at, to do the spraying at \$5 per acre to the land owner?

**Mr. Burgar:** Twenty-five per cent of the direct cost of spraying, which was \$20 last year. It may be \$22 next year.

**Mr. Pollock:** To add to what Mr. Miller is saying, usually you have a county co-ordinator, though.

**Hon. Mr. Kerrio:** Oh, yes. We have done a lot of negotiating and it took quite an effort to set the whole program.

**The Acting Chairman (Mr. Black):** Mr. Pollock, do you have further questions?

**Mr. Pollock:** Utility poles; I have heard a lot of people complaining they just cannot get utility poles out there. This fellow had a contract to supply a lot of people, and of course he wants—

**Hon. Mr. Kerrio:** It is not easy. It takes a special kind of person in the business to go out and go around the country to find trees that are adequate for poles. They think it would be very nice for the Ministry of Natural Resources to be able to tell them, "We have a very nice area we could give you a licence on to cut poles." That is just not quite the way the whole involvement takes place. I am sure Mr. Goodman knows some people who are very active in the business and do not have any problem because they have the mills and they do that kind of thing, but I think that is where we generally come from. It would be nice to accept the responsibility but that is not our role.

**Mr. Pollock:** Most of the timber licences are tied up, anyway.

**Hon. Mr. Kerrio:** Not really. Many of the entrepreneurs who are successful in supplying poles find them.

**Mr. Pollock:** Through timber licences or private individuals?

**Hon. Mr. Kerrio:** Anywhere you can find a tree that is nice and straight and of the length you

want and is viable. Can you add anything to that, Mr. Goodman?

**Mr. Goodman:** No, you have done very well, minister.

**Hon. Mr. Kerrio:** I know where that is coming from.

**Mr. Pollock:** In my remarks at the start, I mentioned that beekeepers are wondering where they can buy or where there are any nurseries that could supply them with basswood seedlings. Does anybody have an answer for that?

**Mr. Goodman:** My answer to that is that we look to the private sector nurseries to provide those small numbers of specialty products. We do not have a need in terms of the tree requirements in the province to produce those hardwood specialties, and we have for some time now been nurturing the private nurseries along so that they are filling those niche markets. We are not producing those specialty products, so the local private nurseries can supply that demand.

**Mr. Pollock:** Are there private nurseries that can supply them? Is that what you are saying?

**Mr. Goodman:** If there is a demand out there, they will grow the tree for you.

**Mr. Pollock:** They will grow them, but right at the present time nobody has them, you know.

**Mr. Goodman:** I am sure that if there were sufficient demand, the private nurseries—

**Mr. Pollock:** In other words, you would have to order them a few years ahead if you wanted so many basswood.

**Mr. Goodman:** I do not know whether anyone is growing basswood.

**Mr. Pollock:** If nobody is growing them now, you would just have to order them ahead?

**Mr. Goodman:** Yes. That would be the logical approach.

**Mr. Pollock:** Okay. Because of the Martin lumber mill closure in Tweed—

**Hon. Mr. Kerrio:** Martin or Milne?

**Mr. Pollock:** Martin. It was an older mill and it also produced veneer. Has the demand for veneer dropped off?

**Hon. Mr. Kerrio:** No.

**Mr. Wildman:** There is a great demand for veneer.

**Hon. Mr. Kerrio:** One of the major problems is to produce it competitively.

**Mr. Goodman:** The demand for hardwood veneer is, as I understand it, quite buoyant. They can sell more than they have available. As I



understand it, the hardwood veneer export market is in good shape.

**Mr. Pollock:** It was my understanding that they were losing money on it. I know that. That was the reason for them closing down and they were actually getting their product in from the United States. The oak was coming in from the states.

**Mr. Goodman:** That does not surprise me. The veneer that goes into Searchmont comes from Michigan.

**Mr. Wildman:** That is right.

**Mr. Pollock:** I see. It is pretty hard to compete with that kind of situation because no doubt there is a mill over in the United States someplace that is a lot closer, and then the transportation costs enter into it.

**Mr. Wildman:** There is also the exchange rate.

**Mr. Pollock:** Is that a fair assessment—there is a mill over in the United States that can produce veneer a lot cheaper than we can?

**Mr. Goodman:** I have no knowledge of the economy of producing it south of the border. I would imagine that the Canadian dollar has some influence on the price of the final product, but I suspect again it is a quality problem in terms of finding volumes of hardwood.

**Hon. Mr. Kerrio:** Quality and having the wood supply in the area where they need it.

**Mr. Pollock:** That is basically what I am trying to get at; whether that is the problem or if something else is the problem here. We do not have large stands of oak or other lumber for veneer, right?

**Hon. Mr. Kerrio:** Some veneers. In the case of oak, that is quite a highly specialized line and there would be some mills in the states that would be better positioned to produce oak veneer. When we are thinking in terms of what we do have, we have some very good stands for some of the veneers we produce.

**Mr. Goodman:** Yes. We produce some of the best birch veneer in North America. We make very good hockey sticks out of birch in Nipigon.

**Mr. Pollock:** I mentioned at the start—we are kind of in the countdown here—that maybe if there was chance, we might just take an overall look at our firefighting capacity and that sort of thing, looking at that one particular fire, Kenora 14, just to assess the situation and what took place there, in order to be more familiar with the whole situation and establish whether everything was done that could have been done.

**Hon. Mr. Kerrio:** We anticipated question. The deputy and I were just tall about that a bit ago and we thought in the winter here that we might make some kind of an offer to the critics to make some such survey on special areas, whether it has to do with silviculture or whatever. Yes, we certainly would entertain that kind of an initiative.

1750

**Mr. Pollock:** To have an independent group come here and explain it?

**Hon. Mr. Kerrio:** No. It might be that they would go to the site.

**Mr. Pollock:** I am flexible.

**Mr. Pollock:** Just one more question. I think that we are not supposed to raise anything in regard to gravel here.

**Hon. Mr. Kerrio:** Not on this vote.

**Mr. Pollock:** Okay, fine.

**The Acting Chairman (Mr. Black):** I think Mr. Wildman had one more question.

**Mr. Wildman:** Yes, I do, in regard to Canada-Ontario forest resource development agreement, which has been mentioned. Mr. Goodman and the minister indicated that that was in the last year of that.

**Hon. Mr. Kerrio:** Next March.

**Mr. Wildman:** At the end of the fiscal year, I understand that you have had some discussions with the federal authorities in regard to renewing the agreement for another five years. Obviously, we have just come through a federal election campaign. For a period of time, perhaps there was not the same kind of direction in Ottawa that would be necessary to bring about a new agreement. At this point, where are you? It would be very unfortunate if we were not able to negotiate an extension of this program. Can you give us some indication of what kind of response you are getting from the federal government in the need to renegotiate an extension?

**Hon. Mr. Kerrio:** My deputy has just pointed out that the cabinet provided us with a mandate to seek an extension. The thing that gives me some optimistic feeling about the whole process is that there have been some COFRDA-type arrangements entering their next phase with some other provinces. They did not all come to fruition at the same time. I think British Columbia has another year. The ones which were renegotiated and passed were, I think, New Brunswick and Prince Edward Island. It would appear there is a chance that we will be doing that.



We just had our meeting of the Canadian Council of Forest Ministers in Alberta. I raised this with the then minister. We in Ontario are privileged to have me as the chairman of the Canadian Council of Forest Ministers for the next year, so I will be very much surprised if we do not get an agreement. The Treasurer (Mr. F. Nixon) is involved, I think. We have had correspondence with the Treasurer, asking him to play his role with the new federal treasurer. I am quite optimistic that we will make another agreement. It creates quite an impact on our budgeting, of course.

**Mr. Wildman:** Can you give me some idea of how long the negotiations took the first time around?

**Mr. Goodman:** Some months. Probably upwards of a year before there was a final agreement. What I might add to my minister's remarks is that we have a very clear mandate from the Ontario government to negotiate and we have been pursuing that with some vigour. Fortunately, on the federal side, they do not have a mandate to sit down and negotiate with us even though at the local level, with the Canadian Forestry Service, the Great Lakes Forestry Centre in Sault Ste. Marie, we are sitting down every couple of weeks and attempting to discuss what a new agreement might look like.

**Mr. Wildman:** They must be getting desperate. They were lobbying me, too.

**Mr. Goodman:** But to date, there is no firm federal commitment to renegotiate. We are very hopeful that when the federal government appoints a new forestry minister, it will be high on the agenda.

**Hon. Mr. Kerrio:** Are you listening, Jim?

**Mr. Pollock:** Yes. I have it all right up here.

**Mr. Wildman:** If it took that long the first time around, I would hope it would not take the same length of time the next time.

**Hon. Mr. Kerrio:** No, because that was the last agreement. This really is just a will to extend what was obviously an excellent arrangement.

**Mr. Tough:** There are a number of options. I think if there is the will to maintain the continuity, then there are a lot of things you could do. You could simply extend the existing agreement for one year and work towards a second-generation agreement following that. We detect that at the professional and technical level, there is a lot of sympathy in the federal government. As you say, they are helping us out. We have arranged for discussions to get

the municipalities and the forest industry to be more aggressive. We have now lost two ministers of state for forestry in a row. Mr. Merrithew and Mr. St. Germain will not be back in Parliament, so we will have to start again with a new minister, unfortunately.

**Mr. Pollock:** That was not my fault.

**Mr. Wildman:** Could you confirm a couple of figures? Mr. Tough gave my researcher some information a few months ago about COFRDA, the expenditures for the first four years of the program. The first two years were audited figures, so they were final figures, of almost \$15 million the first year and \$22 million the second year, then you gave unaudited figures and your estimates for the third and fourth year were close to \$37 million each year. Have those figures been finalized?

**Mr. Goodman:** We have some forecast figures until the end of the agreement. There is \$136 million either spent or committed to date. That represents, in terms of output, 110,000 work weeks of direct employment generated, 166 million containerized trees, 140,000 hectares of regeneration, 62,100 hectares of tending, 175,000 hectares of site preparation, and another \$6.4 million spent on forest research and development. It is a very important program.

**Mr. Wildman:** It was supposed to be \$30 million per year, right?

**Mr. Goodman:** Yes, blended. It started out at less than that, then it peaked at more than \$30 million. As you will see in the estimates, in this fiscal year it is \$19 million. It is \$150 million over five years.

**Hon. Mr. Kerrio:** Yes, \$30 million per year.

**Mr. Tough:** There was also direct delivery by the federal government of \$14 million.

**Mr. Wildman:** I see. All right.

**The Acting Chairman:** Are we ready for the vote? We have two votes we could take now. Do you want to leave them until Monday?

**Mr. Wildman:** It does not matter to me.

**The Acting Chairman:** We have another 30 minutes of discussion on Monday.

**Mr. Wildman:** After this vote, we have vote 2705, which is the work experience program. It would be all right with me to vote this one now, but I would like to leave the other one until Monday.

**The Acting Chairman:** We will do vote 2704 now. Is that agreed?

**Mr. Pollock:** Why do we not leave both of them?

**Mr. Wildman:** If you want to leave both of them, that is fine. We will leave both, but what does that mean in terms of ministry staff?

**The Acting Chairman:** You enjoy our company and would like to come back.

**Mr. Goodman:** No. I would like to stay home in Sault Ste. Marie on Monday, if that is possible.

**The Acting Chairman:** If there are no problems with vote 2704, why do we not vote now and let the staff get away?

**Hon. Mr. Kerrio:** We can bring staff in the other vote.

Vote 2704 agreed to.

**The Acting Chairman:** We will see a you, with one exception at least, on Monday, remind you that we are going to conclude estimates in 30 minutes on Monday and then to the organization meeting for Bill 162.

The committee adjourned at 6 p.m.

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gerty, Ray (Niagara South L) for Mr. McGuigan

ock, Jim (Hastings-Peterborough PC) for Mr. Wiseman

**Not taking part:**

npton, Howard (Rainy River NDP)

**Guests:** Mellor, Lynn

**Business:****From the Ministry of Natural Resources:**

rio, Hon. Vincent G., Minister of Natural Resources (Niagara Falls L)

istie, Ron M., Executive Co-ordinator, Outdoor Recreation

Cormack, George A., Assistant Deputy Minister, Northern Ontario

ugh, George, Deputy Minister

odman, John F., Executive Co-ordinator, Forest Resources Group

gar, Robert J., Assistant Deputy Minister, Southern Ontario

uglas, Larry A., Director, Planning and Environmental Assessment Branch













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# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Natural Resources

**First Session, 34th Parliament**  
Monday, December 5, 1988

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers



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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, December 5, 1988

The committee met at 3:33 p.m. in committee room 1.

### ESTIMATES, MINISTRY OF NATURAL RESOURCES (continued)

**Mr. Chairman:** The standing committee on resources development will come to order. When the committee adjourned on Thursday there was one vote left to be debated, namely, vote 2705. We have one half-hour in which to conclude that, at which point we will move on to trying to plan hearings for Bill 162, the amendments to the Workers' Compensation Act. Can we proceed with vote 2705, resource experience program?

Vote 2705, resource experience program:

**Mr. Chairman:** Any comments or question on vote 2705?

**Mr. Pollock:** Is there an overlap of people requesting to go into the Junior Ranger program?

**Hon. Mr. Kerrio:** I think the Junior Ranger program this year is quite different from what it has been for a good number of years, in that it appears that with that age group falling off and the demands on those young people for other jobs, there has not been the interest in the Junior Ranger program. I do not think it has anything to do with any change in the government policy or any such events taking place, but if you want to get into any more depth than that, I could ask one of our people to respond. Any specific questions?

**Mr. Pollock:** I do not think it is that necessary. I tend to agree that possibly there are other jobs out there closer and so therefore why put in to be Junior Ranger?

**Hon. Mr. Kerrio:** Generally, I think that is the answer.

**Mr. Pollock:** What is your indication in the future? Do you think it is going to come back again next year?

**Hon. Mr. Kerrio:** If the demographics continue in the direction they are going, it would appear that there is not going to be a resurgence of numbers, unless something else impacts on it, so I would think that we are not looking forward to an increase in the program. Having said that, we are prepared for the numbers that would wish to participate.

**Mr. Wildman:** Could you give us some idea of what the average wage is per hour for one of these students?

**Hon. Mr. Kerrio:** I think it is \$15 a day and their keep and mainly, I guess, the experience. I do not think it was ever meant to be a program that would deal specifically from the wage side. I think what we are looking at here is something quite beneficial, not only to the individual, but to the ministry, to look at those people who would like an opportunity for a season or two, if they so prefer, to see what the sort of involvement might encourage them to go on in that field.

**Mr. Wildman:** Do you have any numbers of participants in the program over the last, say, two or three years, to give us some indication of what is happening and what the trend is?

**Hon. Mr. Kerrio:** Is there anyone here who would like to respond to that?

**Mr. Garrett:** I think the approximate number is 1,600 Junior Rangers and about 300 Ranger 2s. However, we had difficulty last year filling all of the junior positions.

**Mr. Wildman:** I see. That is a number which has been—

**Mr. Garrett:** Relatively static over the past few years, yes.

**Mr. Wildman:** Was last year the first year you had difficulty filling all the positions?

**Mr. Garrett:** No, it had been creeping up with the demographics, the improved economy and so on; \$15 a day did not seem to attract kids the way it once did. We think it is healthy to have a fair bit of overapplication. That is the way it has been in the past, but in the last couple of years we have just been struggling to get complement. In fact, we have had to go to the third or fourth person in line to fill a position because the first and second people have dropped off to take jobs that are better-paying. It has been very awkward on the supervisory staff to have to fill the positions.

**Mr. Wildman:** Do you have any regional breakdown of the participants in the program; that is, how many people from southern Ontario, eastern Ontario, the northeast and the northwest?

**Mr. Garrett:** In terms of the number and where they came from, where their home was?



**Mr. Wildman:** Yes.

**Mr. Garrett:** We could get that. I do not have that with me, no. Obviously, I am sure the larger numbers will be from the south going for experience in the north and much less so in terms of northern kids coming for experience in some of the southern parks. The bulk of them are kids from the populated south.

**Mr. Wildman:** I would like to get those numbers.

**Mr. Garrett:** Certainly.

**Mr. Tatham:** This may be sort of off the wall, but I really think that kids need a challenge. The California Conservation Corps, which I have a little information on, talks about low pay, hard work and miserable conditions, and it has an overflow. In other words, they challenge the kids, they teach them things. I just wonder whether perhaps a year of this type of thing would be good for kids who are 17 years of age—is that the age?

**Mr. Garrett:** Yes.

**Mr. Tatham:** I really think we have to challenge kids, give them some opportunity and say: "Here's an opportunity to get in or take part and do something that will really benefit you."

**Hon. Mr. Kerrio:** There may be a little something of an analogous circumstance, where maybe those youngsters in the United States of America are being prepared for the kind of a society that they have there while, in the past, we have been trying to prepare ours for the kind of society that we prefer and seem to think is most appropriate.

**Mr. Wildman:** They shoot each other on the freeways.

**Hon. Mr. Kerrio:** I really do think there is some connection there, that to get involved with the challenge that is in their type of society as opposed to ours is just a little different.

When I was at the Canadian Council for Forestry Ministers in Saskatchewan—was it not; or it was Alberta, we went to both provinces?—they have such a program there and we said we would be willing to examine what might be the advantages of that particular program, if any, over our Junior Rangers and have some dialogue with them on what we are doing as compared with what they are doing. Michael, you might expect that we would get that question in the next short while.

1540

**Mr. Garrett:** I think that is valid. Just to supplement what the minister said, he came back

from Alberta with a couple of ideas and now staff are now taking that forward to see if we embellish the program and modify it to make it challenging as we can.

We put a lot of faith in youth employment programs that we have had in the ministry the years and we have to make sure we are still the mainstream. We think we are, but maybe with some environmental modifications and then on we can tune it up a little bit.

**Mr. Tatham:** You hear about these programs that take place out on the west coast where they challenge kids. Kids need a challenge to try to develop their abilities. Perhaps this might be something where they really went out and did something. It is just a suggestion.

**Mr. Garrett:** Sure, it is a good suggestion.

**Mr. Pollock:** Basically, what do the Junior Rangers do? Do they plant trees or do they do something involved in that at all?

**Mr. Garrett:** They have a wide-range program. It is about eight weeks long and they spend a week around in different program areas depending where you are in the province, in which they do the Junior Ranger camp. They might have a week doing fire training on how to deal with forest fires, or a week on KP duty, looking after the camp where they live. It may be a week clearing portages in provincial parks, maintenance in provincial parks or creel census, where they spend one of the weeks dealing with biology sampling.

There is a sort of rotation they go through. I think there are about six different rotations; each week they spend on different things. They get to pick two weeks of their favourite or trade off with other people and maybe buy their way in and out of KP and on to canoe-route cleanup or whatever. There is a bit of mixing and matching. It is a good experience for the kids. My son was one and he had a good time.

**Hon. Mr. Kerrio:** Michael, there was something the deputy wanted to bring up.

**Mr. Tough:** I think another dimension of it is that in our ministry we have a very high proportion of alumni of the Junior Ranger program, so that it has been very valuable to us in getting people who perhaps did not even know they were interested in the Ministry of Natural Resources involved in the experience, and then coming up for maybe one more year a year later and then subsequently deciding to make their career in the Ministry of Natural Resources. So it has been a very valuable experience.

**Mr. Garrett:** I should add that we had the first bilingual camp this year for French-speaking students and we have always had a coeducational program for boys and girls.

**Mr. Chairman:** I must say this: I have two sons, both of whom have been there twice. It was an extremely rewarding experience for them. And you, I have not encouraged them to become rangers in the ministry, but it was a very, very good experience for them.

**Mr. Pollock:** I take it you advertise in practically all the local papers and make people fully aware of it.

**Hon. Mr. Kerrio:** And the members. That is an important factor.

**Mr. Garrett:** There is a package coming out to all the members very shortly on next year's program, and indicating whether there were any changes in their particular area last year.

**Hon. Mr. Kerrio:** How about senior rangers for the people in the Legislature who are not busy the summer?

**Mr. Wildman:** They have senior rangers; they call them unclassified staff.

**Hon. Mr. Kerrio:** That is fair. Everybody in this country can do what he likes to do. I do not see exception to that.

**Mr. Chairman:** Any other questions or comments?

**Mr. Pollock:** When do they have to apply to be rangers for next year?

**Mr. Garrett:** The earlier the better; it is who is first on the list. They can apply, I believe, up until February or March for next year. There is no time yet.

**Hon. Mr. Kerrio:** Will we send that package to you, Mike?

**Mr. Garrett:** As I understand it, staff just told me it is going out within a week or so.

**Mr. Dietsch:** I think a valid point, as I understand the program, is that it is only during that year when they are 17 that they are first accepted in that program. I would like to add to the chairman's comments that one of my sons went through that program and, as a result of that program, has taken up the career of forestry and is in his fourth year of university in the forestry school. It does set a good standard for the young people in Ontario to follow through with those types of programs.

**Mr. McGuigan:** I just wanted to comment that in October my wife and I took the Agawa Canyon trip.

**Mr. Wildman:** It is a lovely area.

**Mr. McGuigan:** It was a wonderful experience. I really enjoyed it. I guess the reason for mentioning it is there is some question about the future of that railway and the line, and so on. I would just like to make a comment that I hope we can save the whole line, but if that is not possible—

**Hon. Mr. Kerrio:** Jim has an idea if we do not.

**Mr. McGuigan:** That part of it really should be saved and I think expanded upon. I guess you could always get into an argument about how primitive you want to keep it or how sophisticated you want to keep it, but since we generally move into things more sophisticated, a little more of a reception area or a rest area, lunch and that sort of thing at the terminus of the trip would probably add to the general experience.

**Mr. Wildman:** You should have gone all the way up to Hearst and back. It is a great trip.

**Mr. McGuigan:** We probably should have. I just wanted to comment that it is a wonderful trip. We really enjoyed it.

**Mr. Chairman:** Are there any other comments by any members? Is there anything else on vote 2705?

Vote 2705 agreed to.

**Mr. Pollock:** Can I put a few things on the record just before wrap-up?

**Mr. Chairman:** Since we are a little early, that would be fine.

**Mr. Pollock:** I talked about a particular river that was not within the watershed of a conservation authority and I wanted to know what the procedure was. Of course, that river is the York River. I would like the ministry to look into that particular river and see what could be done there.

I have a lot of complaints about the low water level there. I am sure ministry staff in Bancroft have all kinds of complaints. It is just a real problem. I do not think there is any simple solution. If the ministry staff could look into that and see what could be done on the York River—right at the present time there is a lawsuit going on between the town of Bancroft and I believe—I would not want to put that on the record, but there is a lawsuit going on because they are not letting enough water down to generate power for their generating station in Bancroft, and that is a concern.

We cannot expect water to be coming down there and generating power in a dry period, but if we had a dam in there to hold back so much water

so that right next to the park in Bancroft there would at least be water instead of a muddy duck pond, it would be far better.

One other thing: I have noticed that Ontario Hydro continually sprays its main lines. I am not opposed to them spraying, but there may be situations where there is good land and people could grow trees on that particular land. I mean Christmas trees, because they have to be cut before they get too mature.

It seems like quite a waste to generally spray everything. I have seen good spruce trees literally destroyed by spray. Sure, there are other places where you have to spray because it is just straight brush, but could your ministry possibly work with Ontario Hydro and see if something could be done about that particular situation?

I know that because of distance and because of not being able to get back into some of these lines in some places, nothing can be done. But where it is fairly close to a given road, I think that particular area could be used for something very worthwhile. Could your ministry possibly look into that and see what could be done and work with Ontario Hydro on it?

1550

**Hon. Mr. Kerrio:** Mr. Pollock, your comments have been noted and certainly we will look into those areas. On the one, there has been ongoing examination of the river. They will continue and we can update you, probably in the next short while, as to where we are.

**Mr. Pollock:** Good, because it is a major concern, both to the local people and people who have houses alongside that river. It has been a real problem this year. Of course, it was a dry year and that is why.

Anyway, those were a few things I wanted to put on the record in the wrapup.

**Mr. McGuigan:** I have not been to the entire hearing so I may have missed it. Has there been any comments on rabies? As you know, Kent county is one of the worst places in the province for rabies.

**Hon. Mr. Kerrio:** For whatever reason, of course we have a very serious problem in the province. I am very pleased to say that we shared the skills that we have developed over the years with Newfoundland and found out that we have practically wiped out a beginning of an incidence of rabies in that province. I wish we were as successful, in a sense, in Ontario as we have been there. You can appreciate that all of the research that has been done here has been a real advantage to other jurisdictions as well as our own.

The new baits, the new ability to develop them at a reasonable price and to disperse them with aircraft has been an excellent experience. As I say, I am very pleased that we have been able to share it. Beyond that, I want to share with you that we have a continuing program in the province, because we do have that serious threat and no one can say why the boundaries are such. In fact, it nearly stops at the Quebec border for some strange reason. We have infestations in areas that seem particular to Ontario and which are difficult to control. Yes, it is ongoing. We probably have the best control methods anywhere, considering the conditions that exist here. Does anyone want to add to that in any way?

**Mr. McGuigan:** There is a bit of a controversy locally in Kent county about whether or not we should be having a fox bounty. They have been carrying on a fox bounty.

**Hon. Mr. Kerrio:** Of course, that is against the law and is not supposed to be done. We would have to change the legislation in order to allow them to go forward. We have been kind of overly critical where there are areas where people think there is too great a number, but we find that it is inappropriate for them to give bounties on handling predators, if you describe them as predators, that way.

**Mr. McGuigan:** But you have a program where, I understand, within two or three years you may have a vaccine for foxes. You do not have it at the present time. Is that correct?

**Hon. Mr. Kerrio:** We have the treatment with the aerial baits that we drop. There is the form of ingested vaccine, if you could describe it that way. Just to get the numbers out there is a guess, is the question.

**Mr. Pollock:** There is a question I wanted to ask the other day. We were talking about the wild turkey and moose exchange we had with the United States. The wild turkeys have been a real success in eastern Ontario. How did the moose do over in the United States?

**Hon. Mr. Kerrio:** The moose were doing quite well until we found out the numbers that were being airlifted from Algonquin Provincial Park had spread to the point where they required moose to be put into the system down there if they were going to be successful. We have done that as well. We made the final lifts. It seems like it is going quite well. It will take a little longer, I imagine, to see to what degree that they might reproduce.

You have hit the nail on the head with the turkeys, especially down in the eastern part of the



vince where some 200 or 300 birds introduced a few years ago have come up to the 2,500 or 3,000 number and have been most successful. And you, we have had a lot of co-operation with it. The Ontario Federation of Anglers and Hunters was very much involved, as were some other sports groups. It has been one of the real exercises that I think augur well for reintroducing species that have been out of the province for over 100 years.

**Mr. Pollock:** Are we still taking moose over the United States?

**Hon. Mr. Kerrio:** No, we made those two major lifts.

**Mr. Pollock:** Okay. You said it was "because of the spread." What did you mean by that?

**Hon. Mr. Kerrio:** In order to reproduce, the spread of the male-female population got sort of jointed.

**Mr. Dietsch:** What do you mean by that?

**Hon. Mr. Kerrio:** For the same reason that we moved the season at one time, to protect the species.

**Mr. Pollock:** Oh, okay. Now I understand.

**Mr. Wildman:** I think this discussion is getting into a rut.

**Mr. Dietsch:** Mr. Pollock's favourite moose chocolate mousse.

**Mr. Pollock:** Is it illegal to keep wild animals in cages?

**Hon. Mr. Kerrio:** With regard our local, indigenous species, there are some permits, I imagine, available. Who is going to talk about wildlife, if you want to get into that for a bit?

**Mr. Pollock:** Can you keep a bear in a cage or that against the law?

**Hon. Mr. Kerrio:** You would have to have a permit.

**Mr. Pollock:** You would have to have a permit, but you can do it?

**Hon. Mr. Kerrio:** If you get a permit and you have been given that—

**Mr. Pollock:** All animals, like raccoons, a few things like that.

**Hon. Mr. Kerrio:** You would have to have a permit or a licence to keep any animals that are indigenous to the province. What are they, Mr. Allen? Answer their question directly. Go ahead.

**Mr. Allen:** I believe, under the Game and Fish Act, there is provision for specific species. Some of the bird species that are specific—in terms of quail, I believe it is bobwhite quail and a few others—are permissible to rear in captivity.

Black bear, I believe, are permissible under specific cage size requirements. What that does is make adequate provision for a cage size for a black bear, a single black bear in a cage. I believe there is also provision for two other of the fur-bearing species. As I say, I am not 100 per cent sure at this point as to what those species are, but they are very selective species and they require specific cage sizes. They would be species native to Ontario.

**Mr. Pollock:** Okay.

**Mr. Chairman:** Is there anything further on any of the votes? If not, we are virtually out of time anyway.

Shall these estimates in their entirety be agreed upon and reported to the House?

Agreed to.

**Mr. Chairman:** That concludes the estimates of the Ministry of Natural Resources.

Minister, thank you and your staff, in particular David MacDonald to whom you are saying goodbye in the ministry. We wish him well in his new life.

**Hon. Mr. Kerrio:** Thank you very much. I, in turn, would like to thank the members of the committee and the staff here. It has been a very worthwhile exercise and it does not stop here. Any information that we can share with you, we will be pleased to do it.

The committee considered other business at 4 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitutions:**

Pollock, Jim (Hastings-Peterborough PC) for Mr. Wiseman

Sullivan, Barbara (Halton Centre L) for Mr. Black

**Also taking part: Mackenzie, Bob (Hamilton East NDP)****Clerk:** Mellor, Lynn**Witnesses:****From the Ministry of Natural Resources:**

Kerrio, Hon. Vincent G., Minister of Natural Resources (Niagara Falls L)

Garrett, Michael R., Assistant Deputy Minister, Administration

MacDonald, David, Special Assistant, Policy and Legislative

Tough, George, Deputy Minister

Allen, Peter, Contentious Issues Officer, Corporate Policy Secretariat



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No. R-23

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Transportation

**First Session, 34th Parliament**  
Wednesday, January 4, 1989



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 4, 1988

The committee met at 3:32 p.m. in committee room 1.

### ESTIMATES,

### MINISTRY OF TRANSPORTATION

**Mr. Chairman:** I call the committee to order. I hope all members had a pleasant holiday and wish them all a happy, prosperous and healthy new year. For the next three days, we will be dealing with the estimates of the Ministry of Transportation, after which we will have completed approximately 7 1/2 hours out of the 10 that are allocated to this ministry's estimates. After that, the minister will not be available for a while and we will move on to the Ministry of Industry, Trade and Technology's estimates; and after that, to the estimates of the Ministry of Northern Development.

Without any further preamble, can we proceed with these estimates. I believe the minister has a brief opening statement.

**Hon. Mr. Fulton:** I did give you some advance warning, Mr. Chairman. It is a pleasure to be back again. I appreciate your giving us a short break over Christmas.

**Mr. Wiseman:** I would like to ask the minister if he is going to distribute copies of his own statement.

**Hon. Mr. Fulton:** There are copies coming.

**Mr. Chairman:** They will be here in two minutes.

**Hon. Mr. Fulton:** I am told they will be here two minutes.

**Mr. Hobbs:** We were having photocopy problems, but they will be here very soon.

**Hon. Mr. Fulton:** We were debating on what they would be worth to you in terms of whether we sell it to you or give it to you; and we do not have any green books this time, Mr. Wiseman.

**Mr. Wiseman:** Good.

**Mr. Chairman:** The photocopier overheated.

**Mr. Wiseman:** That is fine. I just thought it would be easy to follow along if we had it.

**Hon. Mr. Fulton:** I appreciate the opportunity to be here to go through an outline of what this ministry has been doing and, at some point, to probably try and answer some of the questions.

Procedurally, before I get into my notes, with respect to agencies like GO Transit which happens to be represented here today, recalling our previous appearance before the resources development committee and in the interest of civil servants and others doing the jobs they are paid for, I just wonder whether the committee might consider some direction to us in terms of what staff may be needed and when. Maybe you would want to proceed with that first.

**Mr. Chairman:** That is a good point. In order to facilitate the debate for the members of the committee as much as for the civil servants involved, since we will not get any of that today anyway, may I suggest that the two critics and perhaps—I do not know who is leading for the government members—that they sit down together and work out who they want to appear when, given the fact that there are only three days and today will be taken up primarily with leadoff statements. You might decide how you want to split up the next two days and who you want to appear before the committee. That is entirely up to the members of the committee.

**Mr. Black:** Can we get an estimate from the minister as to how long his opening statement is likely to take?

**Hon. Mr. Fulton:** Perhaps an hour.

**Mr. Chairman:** And each of the opposition critics, I believe, had about half an hour.

**Mr. Morin-Strom:** We will see how it goes.

**Mr. Wiseman:** We phoned yesterday and we were told the minister would be half an hour, but that is fine. We thought we might be through the opening—

**Hon. Mr. Fulton:** It is a big ministry; and for \$2 billion, Doug, much of it going into Lanark, I think it is a small investment of time.

**Mr. Chairman:** Could I ask that the opposition and the government members sit down at the conclusion today and decide when they want others to appear? There is only tomorrow and Monday, so it should not be a complicated decision.

**Mr. Dietsch:** If the minister has approximately an hour and the two opposition critics have approximately a half hour each, that brings it to 5:30 p.m.

**Mr. Chairman:** Yes, it does.

**Mr. Dietsch:** I am not sure that there would be the necessity for any further questions of staff members. I am just wondering, based on the opening statement of the minister, if that might not be something that could be directly handled. Any other questions might be referred over.

**Mr. Chairman:** But could I ask the members who they definitely want to have here in the next two days? For example, as the minister mentioned, GO Transit and so forth.

**Mr. Morin-Strom:** I think this afternoon will be taken up with the statements of the minister and the two opposition critics; and if we have time, potentially some initial answers from the minister to our concerns or questions we may be raising in our statements. I do not anticipate us going much beyond that today.

In terms of our time priorities, the only kind of constraint on us is that we have a separate critic for urban transportation, the member for Beaches-Woodbine (Ms. Bryden), who is not available for the first three sessions. From our party's standpoint, we want to hold off on urban transport issues until that fourth meeting. I will not be asking any questions on urban transportation.

**Mr. Chairman:** Is it agreed by members of the committee, as we have to have one day left anyway, that we reserve it for municipal transportation? Okay, that is agreed.

**Mr. Morin-Strom:** That is my preference anyway; that is what our other critic has asked for.

**Mr. McGuigan:** I am not sure it will take the whole day.

**Mr. Chairman:** No, but we will not deal with it until that final day.

**Mr. Dietsch:** Last year we talked about it close to the whole day.

**Mr. Chairman:** Yes, exactly. Anything else on the scheduling for the next two days? There is the whole question of provincial transportation, GO Transit, for example; and then you have some aviation and rail as well. Do members want to reserve them, or given the fact that it is only two days do you perhaps want them here those two days?

**Mr. Wiseman:** The rest of the day I do not think we need them. In the different areas tomorrow, perhaps the minister would know better who he should have here because we will be jumping all over the place.

**Hon. Mr. Fulton:** With the thought that you might be jumping all over the place, I think Mr. Wiseman, that is why we have the staff here.

**Mr. Wiseman:** That is why I say we probably will not need them today but tomorrow it would be nice to have them.

**Hon. Mr. Fulton:** But I would not know where you are jumping tomorrow. I do not know whether you were on the committee, but the last time we were here we had the Urban Transit Development Corp. at some length, then we had GO Transit at some length and then we had the rest of the ministry-related issues, whether it was aviation, municipal transit or whatever at the end of the time frame.

Do we need to have, say, Mr. Smith here for GO Transit during the entire deliberations or do you want to set a specific time for tomorrow Monday or some time and deal with GO Transit issues, if there are in fact any issues to be dealt with?

**Mr. Chairman:** May I make a suggestion? In view of the fact that we are only talking about two days, we should not worry about that and about those people to be here those two days. If it were going to be stretching over a three-week period, I think it would be unfair.

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**Mr. Wiseman:** Like the chairman says, if it is just for the two days they should be here.

**Mr. Morin-Strom:** I am just saying, from our party's standpoint, there is no need to have anybody from GO Transit here or anyone related to urban transportation. I will not have any questions in either of those areas.

**Mr. Chairman:** Fair enough; that is all then.

**Mr. Black:** Could I just get a clarification? Are we meeting again Monday?

**Mr. Chairman:** We are meeting today tomorrow and Monday.

**Mr. Black:** Okay. Will Ms. Bryden not be available on Monday to do—

**Mr. Chairman:** Correct.

**Mr. Black:** Are we not sure whether we are going to get a fourth day in?

**Mr. Chairman:** That is a good point. If the House was to adjourn we would not get the fourth day in; although the committee could always intervene with the other estimates and decide we would.

**Mr. Black:** If I could suggest, Mr. Chairman, we will have some questions related to GO Transit, so if we could arrange for Mr. Smith



here either tomorrow or Monday, we would be happy with that arrangement.

**Hon. Mr. Fulton:** I know there are members of our party, and in fact one of the Progressive Conservative critics, who have questions with respect to municipal transit. I am just wondering, while there is no difficulty in coming back at another time while Ms. Bryden is here, I do not want questions limited to the time when she is here. If she is not here tomorrow, one of your colleagues may well be here tomorrow to talk about municipal transit.

**Mrs. Stoner:** Perhaps what we could do is, since we have dealt with GO, urban transportation, aviation or whatever, then if we agree that there are no further questions to that particular individual they are free to leave.

**Mr. Chairman:** Okay. Tomorrow we are making a determination of whether you want to go through the votes one by one or whether you want to put a lot under the first vote, the head office vote. We can make that decision tomorrow at the beginning of the meeting. All right. Can we proceed?

**Hon. Mr. Fulton:** I should now introduce the members of the ministry whom we have been discussing. You know David Hobbs, the deputy minister; Margaret Kelch, assistant deputy minister for safety and regulations; Alex Kelly, ADM for highway engineering and construction; Jerry Johnston, ADM for provincial-municipal transportation; Janice Service, our ADM of finance and administration.

Ian Oliver is not here. Norm Mealing is not here. John Menary is director, strategic policy secretariat and Tom Smith, the distinguished-looking gentleman with the white beard, is the general manager of GO Transit. I may have missed one or two; one, I think: Ed Lennox is director of finance and administration, and some of my own staff.

This is the second time we have had the opportunity to appear before your committee. We are pleased to have additional funding for transportation purposes in our estimates that we are now presenting. I believe a higher priority has been given to the provision and maintenance of transportation services for a number of reasons.

Transportation makes a major contribution to the competitiveness of Ontario industry.

Good transportation services and facilities are essential if our goal of full participation by each region and citizen in Ontario's growth is to be attained.

There is recognition of the need to protect the investments made on Ontario's roads, highways, airports and transit facilities.

The strong period of economic growth in Ontario has placed a strain on existing capacity, particularly in the greater Toronto area. A very high priority has been given to improving transportation in the Metropolitan Toronto area.

With the growing number of drivers and vehicles, highway safety takes on even greater importance.

The overall priority of the ministry is to strengthen the social and economic fabric of Ontario by providing and assisting with transportation facilities and services that are safe, reliable, environmentally acceptable and efficient. By doing this, we better meet the needs of our customers, the people of Ontario.

The ministry has a dedicated staff of 8,293 men and women located throughout the province to do this. It may come as a surprise to some, but MTO is in fact the largest provincial government employer in northern Ontario. I am very proud of the services the ministry provides and of the quality and capability of the men and women who are responsible for its delivery. The province is truly fortunate to have these competent and service-minded individuals working for them.

In the next few moments, I would like to highlight the major plans of the ministry in highways, transportation safety and regulation and municipal, provincial and administrative programs.

In the provincial highways program, priority continues to be placed on rehabilitation, system expansion and operational improvements. While the budget for northern highway rehab and construction is in the estimates of the Ministry of Northern Development, it is developed, designed and implemented on a co-operative basis by the Ministry of Northern Development and the Ministry of Transportation.

Expenditures on the rehabilitation of roads and structures in southern Ontario in 1988-89 increased approximately to the extent of \$23 million, primarily as a result of the additional funding provided under the Ontario transportation investment initiative, or OTII. Top priority is being given to the rehabilitation of existing bridge decks and pavement rutting on major roads that is being aggravated by increases in volumes and commercial vehicles.

Just to highlight some of the major rehab work being carried out, it includes: resurfacing 3.5 kilometres of Highway 401 between Yonge Street and Leslie Street; resurfacing and grading 33 kilometres of Highway 401 between Highway 41 and Highway 38; resurfacing and grading of

Highway 21 north of Dresden; reconstruction of Highway 25 between Highway 401 and regional road 9; reconstruction of 10.5 kilometres of Highway 15 between Carleton Place and Franktown; resurfacing and grading 24 kilometres of Highway 17 from Port Alexander westerly to Deux-Rivieres; resurfacing of Highway 11 for 16.8 kilometres south of Latchford; resurfacing of Highway 17 for 28 kilometres east of Blind River.

In 1988, two major expansion programs were completed, the extension of Highway 403 to Highway 401 at Woodstock and the reopening of the existing Burlington Bay Skyway on the Queen Elizabeth Way, which now provides an eight-lane service between Hamilton and Burlington. Another major expansion program for the extension of Highway 404 to Davis Drive in Newmarket will open to traffic in the summer of 1989.

Several new major expansion projects are already under way or will commence later this year. These include: the E. C. Row Expressway in Windsor; Highway 406 through the city of Welland; Highway 410 from Highway 401 to Bovaird Drive in Brampton; Highway 403 to Ancaster; Highway 115 from Highway 35 to Peterborough; Highway 401 from Neilson Road to Brock Street in Pickering; Highway 401 within the city of Cambridge, and Highway 69 from Waubesa to Port Severn.

A very high priority for the ministry is the first phase of construction of Highway 407 from Highway 427 to Dufferin Street, which was started in July 1987. It is anticipated that the section from Highway 427 to Highway 400 will be open to traffic by 1995, thereby providing an alternative route for one of the most congested sections of Highway 401.

Expenditures on these major expansion projects have increased by approximately \$17 million over the previous fiscal year.

The ministry, with Northern Development, is also developing a long-term development plan for the northern portion of the Trans-Canada Highway. We will once again approach the federal government to seek its financial participation. Without federal involvement, it is exceedingly difficult to carry out a continuous four-laning program.

While the primary focus of increased efforts has been on rehabilitation and expansion of the highway infrastructure, the ministry has continued with its program of constructing passing lanes on both northern and southern Ontario two-lane highways. In 1988-89, six more pass-

ing lanes will be constructed in southern Ontario. In addition, five noise barriers will be constructed, three on the Queen Elizabeth Way, Mississauga and one each on Highway 403, Hamilton and the Kitchener-Waterloo Expressway.

Work is also continuing on implementation of the freeway highway traffic management system. Installation is being co-ordinated with major construction work on Highway 402 and the Queen Elizabeth Way.

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Significant work is also under way to upgrade our rest and picnic sites in northern Ontario and the government's northern Ontario tourist information centres enhancement program.

Improving road safety is one of the most important activities of the Ministry of Transportation. Using the road system must be a co-operative venture for the child who wants to go to school, for the employee who has to get to work and for the trucker who has to get goods out of our factories and stores.

In 1987, the last year for which statistics are available, there were 203,431 reported accidents, 80,432 persons injured in road accidents, 1,229 people killed and approximately \$600 million in property damage. We must set our sights not only on stabilizing the accident rate, which has been the case since 1980, but also on attempting to lower it.

As the minister responsible for highway safety, I have a number of concerns about the present situation on Ontario's streets and highways, in particular about the dangerous behaviour and discourteous attitude being displayed increasingly by many Ontario drivers in the face of greater traffic congestion. Another area where behaviour and attitude seem to be a problem is bicycling.

The bicycle is a vehicle often overlooked when we think of highway safety. The popular new handbook entitled *Cycling Skills—A Guide for Teen and Adult Cyclists* is a comprehensive guide to bicycle maintenance and handling, particularly in city traffic. This booklet will go into its second printing this coming spring. A series of radio spots stressing the need for safe cycling practices was produced and aired last spring. In this session I will be introducing amendments to the Highway Traffic Act to clarify further the rights and obligations of cyclists and the behaviour expected of them in traffic.

I will also be introducing amendments concerning children riding unrestrained in vehicles. The amendment will make drivers responsible



ensuring that children weighing less than 23 kilograms use seatbelts.

Through a recently formed interministerial seatbelt committee, my ministry and the Ministry of the Attorney General, the Ministry of Community and Social Services, the Ministry of Education, the Ministry of Financial Institutions, the Ministry of Health, the Ministry of Labour and the Ministry of the Solicitor General are initiating a province-wide campaign to significantly increase seatbelt usage of drivers and passengers over the next two years.

This past spring, my ministry produced a series of radio spots in eight languages to increase driver awareness. These spots addressed the dangers of tailgating, unnecessarily slow driving, passing on shoulders and running stop signs and signals. The final message in each was "Courtesy is catching—pass it on!"

A study now under way is looking at the effectiveness of group interviews as a replacement for individual interviews for drivers reaching certain levels of demerit point accumulation.

In addition, my ministry has launched a program of safety research grants to encourage researchers in Ontario universities to undertake studies on behavioural, social and economic aspects of highway safety. Current projects in this area include research into the level of highway safety knowledge among road users, predictive factors in accidents, a review of the demerit point system and a survey of the amount and type of driving done by various segments of the driving population.

The ministry currently conducts on-road driver examination as part of the qualification process for the driving privilege. The on-road examination is one component of a three-part test which also includes a written test—signs and rules of the road—and vision screening. This program is delivered by over 185 ministry staff at 67 driver examination centres and 93 temporary locations or so-called driver points.

The ministry has for some time now experienced significant delivery pressures in this program. Demand for this service is growing rapidly. While tests carried out this year increased by over 13 per cent, demand has increased by in excess of 25 per cent. The ministry has a plan to address this serious service problem. This plan includes an extension of hours of operation on an emergency basis to deal with the current situation and a review of expansion of capacity of existing centres. It is the ministry's intention, through these efforts, to reduce the waiting time to the ministry standard

of six to eight weeks 80 per cent of the time by the end of March of this year.

On November 8, 1988, the ministry signed the first reciprocal agreement to monitor road infractions with Quebec.

Under the terms of this agreement, which will come into effect on April 1, 1989, infractions committed under the traffic act of the neighbouring province will result in demerit points being recorded on the driver's record, just as if those infractions were committed in the home province. It will also facilitate exchange of driver's licences for Quebecers and Ontarians moving to the other province. When drivers relocate to the other province, their driving record will be transferred with them.

We hope the signing of this agreement will mark the first step towards a series of similar agreements which will eventually bind all the Canadian provinces.

Another of our safety concerns is the overloading of trucks.

**Mr. Wildman:** What about deregulation?

**Hon. Mr. Fulton:** Trucks loaded beyond the manufacturer's ratings require substantially longer stopping distances. Vehicle stability is impaired and critical components on these vehicles deteriorate at a faster rate.

Overloaded trucks also seriously damage the provincial bridges. Also, wheel track rutting caused by overloaded trucks decreases the steering capacity and safety of all road users.

A serious contributor to early bridge and pavement wear-out is the overloaded truck. Research has estimated the cost of overloaded vehicles to federally aided highway systems in the United States to be in the order of \$1 billion annually. Similar estimates for Ontario are not available but are believed by our engineering staff to be proportional to the United States experience.

There are several strategies the ministry uses to address the challenge of controlling truck weights.

There are 48 permanent truck inspection stations and 48 paved pull-off areas strategically located on various King's highways across the province. In addition, vehicles used by mobile patrol units are equipped with portable weighing devices.

Enforcement coverage has moved from a fixed shift schedule at truck inspection stations to that of random and periodic opening of permanent stations supplemented by increased mobile patrol coverage. In this way, a violator has a difficult time in predicting on a 24-hour, seven-day-a-



week basis when the permanent inspection stations will be open.

The trucker alone cannot solve the overloading problem. The shipper must share the responsibility. The Highway Traffic Act specifically defines this responsibility. Shippers must not knowingly overload a commercial motor vehicle in excess of either the allowable gross vehicle weight or the registered gross vehicle weight.

In December 1986, the ministry introduced a new off-highway weight enforcement initiative targeted at shippers who ship by weight and overload vehicles. This program uses search warrants to legally seize records and these records are used in the investigation to determine if charges should be laid.

To date, warrants have been executed on 51 shippers for overloading such commodities as aggregate, salt, scrap metal, fertilizer, field crops and petroleum coke.

**Mr. Wildman:** There will be a problem in the House if you stop them overloading fertilizing.

**Mr. Black:** Just on one side.

**Hon. Mr. Fulton:** The member would know more about that than I.

We have found that 75 per cent of the total shipments sampled were overloaded and charges were laid accordingly.

In an effort to encourage voluntary compliance, the ministry has and will continue to hold carrier and shipper awareness meetings and educational seminars.

As well, in response to requests from the industry, the ministry introduced a weight certificate program to aid shippers and carriers in determining the maximum gross weight that can legally be carried by specific vehicles. Ministry officers will measure and issue an allowable gross weight certificate to truck operators. This program has proven to be an effective method of supporting industry's desire for self-compliance.

The blending of off- and on-highway weight enforcement programs complemented by our awareness activities has resulted in a reduction of overloading from sources which have overloaded vehicles in the past.

Ontario introduced axle weight legislation in the early 1970s. At the same time, we increased allowable weights. Overloaded axle weights are the major cause of damage to the highway. Carriers gained from 18 per cent to 81 per cent higher payloads, depending on the vehicle configuration. These allowable gross weights are among the highest in North America.

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Segments of our trucking industry have expressed the view that despite their best efforts to distribute the load properly, axle overloads occur as a result. In an attempt to improve compliance with Ontario's gross weight and axle load limits, the ministry has been actively working with the industry.

Perhaps the best example of this working relationship is our program with the log haulers in northwestern Ontario. In March 1988, an agreement was negotiated between the ministry and the Northwestern Ontario Log Transportation Association to improve compliance with weight laws over a one-year period while at the same time improving the efficiency and productivity of log hauling.

The agreement relies heavily on industry self-regulation and government monitoring. While axle overloads will not be enforced during this pilot project, truckers are expected to significantly reduce the incidence of axle and gross vehicle weight overloading. In addition, the participating log mills will monitor and sanction the gross vehicle weight overloads received at their weigh scale facilities.

Both log haulers and the ministry have agreed to participate in the development of several co-operative research projects. We are looking at on-board weighing equipment and systems, hydraulic loader scales, vehicle designs and configurations, airlift and self-steering axles. The results of our joint monitoring and enforcement program to date have been promising.

More recently, the ministry agreed to temporarily increase the ministry's administrative axle overload charging tolerance for gravel haulers. This is an interim arrangement until such time as a task force made up of representatives of Ontario aggregate haulers, shippers, vehicle manufacturers and government officials recommends viable operating solutions to this very difficult problem.

In February 1986, I signed a memorandum of understanding with the provincial ministers of transportation and the federal Minister of Transport that committed Ontario to implementing the National Safety Code.

The National Safety Code comprises uniform safety performance standards. The code applies to all persons responsible for the operation of all commercial vehicles on the roads, trucks, buses, tractors and trailers. It specifically covers driver performance, vehicle condition and carrier operations. The federal, provincial and territorial governments have worked with the truck and bus industries, labour, various safety

groups and other interested parties to reach a consensus on standards that are truly national in scope.

To date, Ontario has fully implemented 9 of the 17 National Safety Code standards including: driver examiner training and upgrade program; driver knowledge and performance test standard; a classified driver licensing system; medical standards for classified drivers; a load security standard; a recognized authority program for the training and testing of drivers by carriers; a commercial vehicle inspection program to international standards; carrier fitness, safety and control criteria for commercial carriers under the federal Motor Vehicle Transport Act; and first aid training for all commercial drivers.

The National Safety Code standards which are currently under development are: making it an offence for a person to hold more than one valid Canadian or American licence at a time; requiring operators to keep driver, vehicle and company records for prescribed time periods to allow the ministry to better monitor operators to ensure that the code standards are adhered to; describing vehicle maintenance and repair standards; a commercial vehicle operator registration system, which is the CVOR; hours of service regulation. Drivers of trucks and buses will be required to inspect their vehicles daily and complete a trip inspection report. Ontario's classified driving licensing system will be approved by requiring class D drivers to submit medical reports and be retested on a cyclical basis every three years.

Over and above these standards, my ministry has been actively involved in the development of an automated interprovincial record exchange system which will allow us to exchange and access specific driver, vehicle and carrier records electronically from other provincial databases. We expect to make interprovincial driver and vehicle inquiries with all other provinces and territories shortly. Carrier record information will be added in phase two of the project as more Canadian jurisdictions develop and implement their own carrier profile systems.

All of these new performance standards are impressive. The two new provisions that are especially important are the commercial vehicle operator's registration and the hours of service. CVOR is intended to provide a means through which the person or business entity responsible for the driver, vehicle, passenger and goods is identified through a registration process. I believe this program will make the highways

much safer for both the travelling public and the transportation industry.

When Bill 86 is proclaimed, commercial motor vehicle operators will be invited to register under CVOR. This will be a one-time registration with no fee. The registration form will require that corporate officers identify themselves and declare their responsibility for the vehicles, drivers, passengers and goods under their stewardship. All commercial vehicle drivers will be required to carry a copy of this form in the vehicle at all times.

With the hours of service provision under the National Safety Code, we hope to further improve the standard of highway safety by eliminating work practices that give rise to fatigue, a primary cause of motor carrier accidents. At the same time, we hope to improve the social conditions of life and work for commercial drivers. At all times, we want to strive for fairness in regulating conditions of competition in the motor carrier industry. In fact, this principle of fairness underlies the entire package of standards contained in the code.

In my view, the National Safety Code accurately reflects the needs of carriers and shippers, both of whom have had substantial input into its development. More broadly, I believe it directly responds to the concern for enhanced road and truck safety by all motorists who share our highways.

As members of this committee are aware, the past year has seen the culmination of a decade-long process to reform the regulation of trucking. This process has involved extensive consultation and co-operation with all parties involved, including government, truckers, shippers and the public.

With the implementation of the Truck Transportation Act, coupled with the federal government's MVTA, it will be much easier for a fit individual or company to enter into the for-hire trucking industry or to extend service to new routes or customers.

I see significant benefits arising from reform of a system that has been based in the economy of the 1920s. The legislation provides incentives to the trucking industry to become more flexible and responsive to the changing needs of Ontario shippers. Changes are part of the evolving industry scene. Such changes occur continually throughout the entire business community. I am concerned that the environment be a fair and competitive one. I think the TTA provides for both.



Trucking reform will be of benefit throughout the province and I am confident that a major beneficiary will be the north. The message from shippers came through loudly and clearly. There is a need for greater competition, more equipment and versatility of service.

Certainly the benefits of reform—increased service and price competition—will benefit shippers; but as in the United States, the incidence of private trucking has decreased since deregulation, to the benefit of the for-hire sector. Indeed, I believe that regulatory reform is one of those situations in which all will benefit.

There have, undoubtedly, been differing views. This is inevitable, given the different perspectives of those involved. However, I believe that in the final analysis we have all had the same primary concern: ensuring that there is a viable and vital Ontario trucking industry that will provide its users with safe, efficient and reliable service at the best possible price.

In the provincial transportation program, considerable work is progressing in a number of areas. In the passenger terminal program, renovations are complete on the Gravenhurst rail-intercity bus terminal and the St. Mary's railway station. Work is under way on the Orillia rail-intercity bus terminal and the Napanee railway station.

A comprehensive Ontario transportation plan and perspective for all modes is being developed to provide a guide and framework for assessing individual programs and investment priorities.

# 1610

The third international Great Lakes-St. Lawrence mayors' conference will be held in Niagara Falls in mid-May 1989. The recently held 1988 Duluth conference was very successful.

A new ferry will be constructed for service to Pelee Island. It is anticipated that provincial, municipal and federal investment in this enhanced ferry service will provide major long-term socioeconomic benefits, at both the local and regional levels of southwestern Ontario.

A memorandum of understanding was signed on April 19, 1988, between the province of Ontario and the state of Michigan. The agreement proposed the establishment of a marine advisory committee consisting of four members from each jurisdiction to address waterborne trade issues between Michigan and Ontario.

The ministry will continue to provide capital and operating assistance for municipal and remote airports. The 1988 program includes construction of new remote airports at communi-

ties including Muskrat Dam, Kingfisher and Angling Lake.

**Mr. Black:** All well-known names.

**Hon. Mr. Fulton:** I invite my friend to come with us when we go up there in, I hope, February.

**Mr. Black:** Where has Bud gone? They are in his riding.

**Hon. Mr. Fulton:** It is a little farther north than that.

Municipal airport assistance has been provided to Arnprior, Ear Falls, Goderich, Kincardine, Nakina, Manitoulin East, Owen Sound and Stratford.

In the rail sector, approximately 1,500 kilometres of branch lines have been abandoned in the last 10 years in Ontario and many more lines are expected to be abandoned, to the point that communities not close to the main rail corridor will lose rail service. In anticipation of these abandonments, the ministry has undertaken a railway network studies to determine the network we deem essential to the continuation of a balanced transportation system in the province.

MTO also initiated and is chairing a new interministerial committee organized to manage a program to acquire abandoned railway rights of way for public transportation and recreational uses.

Co-ordinated and assisted by ministry staff, Telesat Canada, Thompson Transport and Erick Transport have undertaken a project to develop and implement an interim mobile satellite wide area vehicle monitoring truck fleet management system.

**Mr. Black:** Say that over again.

**Mrs. Stoner:** Three times.

**Mr. Black:** Translate that into English.

**Hon. Mr. Fulton:** Thank you for the interruption. I needed that mouthful of coffee.

This project has the potential to place Ontario at the forefront of this emerging technology by establishing what could be the world's first satellite-based, two-way mobile data communications and location system.

The assessment and analysis of economic corridors in the province will be carried out by MTO staff to determine the adequacy of existing and proposed transportation infrastructure and its role in supporting economic and social development.

The ministry improved its physical distribution consulting service this year with the establishment of a new office in eastern Ontario.



st requests for assistance are related to export  
vement, primarily to the United States.

During the fiscal year ending March 31, 1988,  
often consulting reports were prepared for 122  
ns and numerous telephone requests were  
eived. The program is provided through  
ices in Downsview, Timmins, Sault Ste.  
rie, Thunder Bay and a newly created office  
Kingston.

The ministry is also taking a very active  
erest in the Toronto airport situation. We  
end to pursue with the federal government a  
l review of the requirements for airport  
vices and the development of a strategy which  
cludes not only Pearson International but also  
ilton, Buttonville and the Toronto Island  
port.

GO commuter rail and bus service is growing  
importance in the greater Toronto area. It is  
imated that GO Transit will carry in excess of  
million passengers this year, which is up  
proximately seven per cent from 1987-88. As  
all, the financial performance of GO is  
ticipated to continue to be strong. This year,  
e revenue-cost ratio is projected to be 67 per  
nt, compared to 63 per cent last year.

The major new initiatives for GO Transit this  
ar include:

The ministry launched a fare integration and  
ervice co-ordination program in January 1988.  
ransit riders were able to buy a combined Union  
ation GO adult monthly pass and Toronto  
ransit Commission Metropass at \$20 off the  
gular price of buying both passes separately. In  
ctober this year, the twin pass was extended to  
nd from any GO train station within Metropoli-  
n Toronto. We are also proceeding to plan and  
esign improved access between TTC and GO  
ervices at six Metro stations.

Twin pass sales have risen from 3,250 in  
ebruary to 4,500 in November 1988. In the  
uture, we plan to expand the twin pass to GO  
uses and to other municipal systems.

Rail service has been extended 15 kilometres,  
om Pickering to Ajax and Whitby. It went into  
venue service on December 5, 1988, at a cost  
f \$109 million. This extension means that  
ommuters from Ajax and Whitby no longer  
ave to connect by bus at Pickering to ride the  
ain to and from points west on the Lakeshore  
ne. The Lakeshore's hourly seven-day-a-week  
ervice is now available from Oakville through to  
Ajax and Whitby.

GO bus service was also revamped coincident  
with the extension of train service. GO's unique  
are integration program—free transfer between

local transit and the GO train—is also now  
available to Ajax and Whitby commuters with  
the extension's opening.

We plan to expand the Milton line rail service  
from three to five trains per day in each direction  
this month, January. An \$18.8-million upgrad-  
ing was undertaken, which included track and  
signal improvements and expansion of the  
Erindale station in Mississauga. Improved ser-  
vice is expected to attract many passengers who  
now ride the Lakeshore West trains instead.

Burlington's second GO train station, Apple-  
by, was opened in September as part of extending  
full rail service on the Lakeshore West line  
between Oakville and Burlington. The first phase  
introduced a third Hamilton-Burlington-Toronto  
rush hour train in each direction in October 1986.  
Full service is scheduled to be in place by 1992.

Also on January 9, GO will provide, for the  
first time, bus departures from Union Station to  
provide interim homebound service until train  
service can be expanded on the Georgetown and  
Stouffville lines. Like the new last homebound  
Milton train, these train buses will provide an  
early evening homebound option to passengers  
who want or have to go home after the normal  
rush hour.

The new buses will serve Malton, Bramalea,  
Brampton and Georgetown stations on the  
Georgetown rail line, and Unionville, Markham  
and Stouffville stations on the Stouffville line,  
now known as the Markham-Scarborough line.

The population and economic growth in the  
greater Toronto area, combined with a tremen-  
dous increase in the number of cars and trucks,  
makes improving transportation infrastructure  
and service in and around the GTA a major  
priority of my ministry. Our objective is to have  
Toronto become a world-class city without the  
problem common to every other world-class  
city—traffic chaos.

The GTA has emerged as an urban centre of  
major international significance. Composed of  
Metro Toronto and the regions of Peel, York and  
Durham, the GTA has become the commercial,  
industrial and financial hub of the province.  
Spurred by fast-paced growth, it provides the  
focus for Ontario's competitiveness in world  
markets and underpins a strong provincial  
economy. In fact, the GTA accounts for one  
quarter of Canada's economic activity.

Forecasts for the future suggest that Metro  
Toronto and the adjacent regions will continue to  
develop beyond the current 3.4 million residents.  
The populations of Peel, York and Durham will  
double in the next 25 years. While Metro Toronto

is not expected to experience a significant population increase, it will still make up approximately half the population of the GTA.

### 1620

As we move more into the future, transportation will continue to be a cornerstone of the economy and quality of life in the greater Toronto area. The efficient movement of people and goods will be a key element in building on the current success of the area. Not only will the transportation network ensure greater opportunities for GTA residents and businesses, it will also improve the area's prospects for hosting events of national and international importance.

The provincial government recognizes the challenges to be faced in providing for the efficient movement of people and goods in the GTA immediately and over the long term. The importance of co-ordinated transportation systems, and the need for the province to play a strong role in ensuring such co-ordination, have been central themes in the government's platform since it took office in 1985.

Provincial leadership is based on the following principles: ensuring that transportation services support the desired form of urban development throughout the GTA; responding to the growth occurring in downtown Toronto, but actively promoting development in the city centres and emerging subcentres; addressing congestion and obtaining maximum use of existing facilities; ensuring transportation planning is done in a full regional context with due consideration for affordability and fair distribution of benefits; balancing investment between roads and transit to address both commercial and personal travel needs; protecting options and retaining the flexibility to respond to change.

Earlier this year, I announced our transportation directions for the GTA. Our plan to develop a balanced transportation system is well under way. We have joined with the Toronto Transit Commission to expand rush hour capacity of the Yonge subway line, extend the Spadina line and protect the right of way for a future Sheppard subway line.

As previously explained, we are expanding the GO Transit network and better integrating fares and service between GO and municipal transit operators.

We have commenced construction of Highway 407 and plan to widen Highway 401 and improve several key municipal roads. We are pursuing the transportation gateways concept. The Highway 401 freeway traffic management

system is proceeding on schedule, with implementation in 1990.

A major initiative in the Toronto area: transportation gateways. These multimodal transfer facilities will be developed throughout the GTA. A number of individual sites have been identified as requiring immediate action. Individual gateway facility studies were initiated at three sites: Milliken in the Steeles Avenue-Kennedy Road area, Black Creek in the city of York at Black Creek Drive and Eglinton, and Langstaff at Yonge Street and Highway 7.

The ministry is funding transportation studies at the Mississauga City Centre as well as at Milner Avenue in Scarborough, which both include potential gateway sites.

Municipal transportation accounts for one per cent of the ministry's budget estimates. MTO provides technical, operational and financial assistance for municipal roads and transit. There are significant commitments in this year's estimates for these activities. This year, we will have invested \$695 million in municipal roads, an increase of \$53 million over 1987-88 and almost \$100 million more than in 1986.

The Federation of Canadian Municipalities has requested increased funding by both provincial and federal governments to address municipal infrastructure needs. I welcome the recent announcement by the Deputy Prime Minister to review this Canada-wide need.

This year's municipal road initiatives include revised development road criteria to encourage growth in the manufacturing, resource and tourism industries; special funding for road improvements in Ingersoll and the township of Southwest Oxford to provide access to the new General Motors-Suzuki plant; special funding for Richmond township to access the Goodyear plant; development; assistance to the region of York and towns of Markham and Vaughan for the 10 Avenue-Carville-Rutherford Road project; construction of the Spadina Avenue bridge to provide improved access to the SkyDome, which will open on June 3, 1989; reconstruction and widening of the Huron Church Road to serve increased traffic to and from the Ambassador Bridge in Windsor; and widening of the Eagleside Road-Innes Road in Ottawa-Carleton.

In the municipal transit area this year, we plan to invest over \$353 million, up 18 per cent from 1986-87. This consists of \$153 million in operating subsidies to municipal transit systems, \$170 million in capital assistance and close to \$25 million for transportation services for the physically disabled.



These expenditures include the Toronto Transit Commission streetcars and subway replacement and rehabilitation program, the Harbourfront light rail transit line, the Ottawa transitway construction program and upgrading for 51 transit systems—buses, information systems, bridges and terminals.

The ministry also assists in the demonstration of new transit technologies. A natural gas bus has been developed and tested for cost comparison with diesel, propane, methanol and trolley buses. Results to date indicate that natural gas has the potential for significant economic and social advantages relative to diesel.

A major priority has also been assigned to the transportation of the physically disabled. In 1987, the government announced a five-year program to improve access to transportation for the disabled and senior citizens. This \$84.1-million program consists of assistance for accessible taxis, improved accessibility to conventional transit, increased incentives to small communities and expanded transit services in larger communities.

I am pleased to report that the innovative accessible taxi concept is in fact a reality. Accessible taxis are available today in Sudbury, St. Catharines, Sault Ste. Marie, Ottawa, Richmond Hill and a number of other communities we are negotiating with.

The ministry, with the co-operation and assistance of the Minister without Portfolio responsible for disabled persons (Mr. Mancini), the Minister of Municipal Affairs (Mr. Eakins) and interested groups, developed a disabled person parking permit designed to replace the licence plates issued by this ministry and the various disabled person parking permits issued by individual municipalities. The permit represents an improvement to the old plate system in that it is portable, controls the identification of disabled persons and prevents abuse through certification of need. There will be no charge for this permit and the program is scheduled for implementation in the summer of 1989.

A model parking bylaw is being developed for municipalities and should also be available for implementation in the summer of 1989.

The ministry has been undertaking a number of initiatives to strengthen the northern Ontario economy. Transportation costs are often cited as a major contributing factor to the relatively high cost of doing business in northern Ontario. As such, these costs are viewed as a barrier to economic development. These higher transportation costs are a reflection of both distance to

market and the lower level of competition within and between various modes of transportation operating in northern Ontario.

There is evidence that shippers in northern Ontario lack access to timely transportation rate and service information relevant to the north. A toll-free telephone service was established in April 1987 to provide northern shippers with up-to-date information on price and service options, enabling them to identify their most cost-effective distribution methods.

The ministry has a number of other initiatives under way to address northern aspirations: the design and delivery of a much larger highway capital construction program in northern Ontario, financed by the Ministry of Northern Development and Mines; the upgrading of highway rest and picnic sites, which I mentioned earlier; the completion of two studies—Transportation and Tourism and Northern Municipal Infrastructure Review; the participation in several rail services or hearings—Via Rail, Cochrane-Senneterre, Algoma Central Railway, CN and Cochrane-Hearst; an investigation on the future competitiveness of the port of Thunder Bay; maintenance of improvements to the airport system in northern Ontario; the relocation of the municipal roads office to Timmins and with it the administration of a \$700-million program for northern Ontario.

## 1630

There are also a number of activities under way in the administrative area:

A high priority has been placed on improved employee training and development. A special review has been undertaken of the Ministry of Transportation's training requirements.

A new office tower is being built in Downsview to accommodate the ministry's central region staff who are relocating from 5000 Yonge Street.

The ministry is completing an information technology long-range plan. This sets out our directions and needs for information technology over the next 5 to 10 years. The plan will better integrate the management of information and information technology into the existing management framework.

The ministry is establishing an activity review office reporting to the deputy minister to assess the effectiveness of ministry activities.

The estimates before you today for the Ministry of Transportation will help this ministry meet this priority and achieve or realize overall strategies, which are:



To maximize transportation's contribution to the economic competitiveness of Ontario and Canada.

To improve transportation safety in order to minimize the social, health and economic costs of accidents.

To undertake transportation initiatives to support regional economic and social development, particularly in northern and eastern Ontario.

To actively support development of Ontario's tourism industry. Emphasis will be placed on improved services to tourist areas, access points and the development and promotion of highway touring routes in this province.

To ensure that the transportation network and services effectively and efficiently meet the social and economic mobility needs of all sectors of the public.

To increase other governments' understanding of Ontario's transportation interests, and to co-operate in the pursuit of improved transportation services.

To support research, development and demonstration projects that contribute to the improvement of productivity and safety of transportation systems and encourage industry research and development.

To foster open communications with the public in all aspects of ministry business.

To ensure the optimum use of resources in delivering our products and services.

My overall priority is for transportation to be a contributor, not an obstacle to social and economic development throughout the province. I have attempted briefly to provide you with an overview of the Ministry of Transportation's activities and I am looking forward to more extensive discussion as events unfold and we hear from my colleagues opposite.

**Mr. Morin-Strom:** I would like to express my thanks to the minister for the extensive presentation he has made on behalf of the government. I would like to go through the presentation and deal with various aspects he has talked about and perhaps present some questions with regard to a number of the areas he has addressed in his major presentation.

First of all, I would like to make some comments about the estimates process as a whole and express some concerns that I had previously as well. This is my first time of dealing with the Ministry of Transportation estimates, but I have dealt previously with the Ministry of Industry, Trade and Technology estimates.

I think, as a government and as a Legislature we should be looking at the whole process of budgeting. It is really quite a farce to be here in January, less than three months from the end of this fiscal year, in a way superficially debating a document that is supposed to lay out the budget for this particular ministry in detail.

In theory, what we are supposed to be doing here is looking at the estimates of what you are planning to spend on the various aspects of the ministry in this fiscal year. In fact, we have nine months of the year already spent, so most of what is being estimated in our documents is expenditures which have already occurred. Of course with less than three months left, the balance will be pretty much committed as well.

There is no real process affecting the budget making decisions on it. The idea that we have to vote on whether we approve this budget for the fiscal year we are in is really quite a farce. As the Legislature, I think we should be looking at what is coming up in budget years in the future. It would be more appropriate at this point if we were debating what the budget was going to be for the next fiscal year starting April 1, 1989.

I am sure what is really happening within your own ministry and in dealings with the Treasurer (Mr. R. F. Nixon) is where the real debate is going on, in terms of how much funds you want and where you want to allocate those funds for the coming year. Those hard decisions are in the process of being made and we will find out when you were able to get when the Treasurer determines what your total allocation is. Certainly, within your own ministry, your individual allocations are being debated hot and heavy right now.

For us to be debating what has already taken place and what is completely committed for the fiscal year is really quite an artificial exercise. I just bring that out as a factor I think we should all be aware of and should be looking to improve. I suppose you get used to it after you have been here for a while and you see it year after year, but for new members it is really disturbing to see how we budget here in the province. The budget officially has to be passed by the end of the year, so by the time the money is all spent, we have to have the final passage in the Legislature of the approval of all the estimates and the budget, which means you have completed your budget by the time you have completed your spending.

That is just a bit of an aside that applies obviously, to every ministry and is not particular to just the Ministry of Transportation.

Obviously, during these last few months the issue legislatively for the minister has been Bill 86, Bill 87 and Bill 88. Those have occupied considerable amount of the time of myself, the minister and this committee, which spent a lot of time looking at those bills. I think for the most part, at this time—

**Mr. Black:** That is why there is so little time left over for the estimates. We spent so much time discussing those things that we did not get a chance to do the estimates, which we could have done six months ago probably.

**Mr. Morin-Strom:** I do not believe so. I do not believe the government was interested in going into session six months ago. In fact, it was not prepared to deal with any estimates last summer. I do not think any of the estimates started until probably November. The documents were not even presented.

**Mr. Black:** We knew you could stall them in committee and we would not be able to bring them forward anyway.

**Mr. Morin-Strom:** I was hoping we could avoid getting into a prolonged debate again on Bill 88, but it looks like one of my government colleagues is interested in rehashing some of those concerns.

**Mr. Chairman:** It is not like you to be sidetracked so easily, Mr. Morin-Strom.

**Mr. Morin-Strom:** I notice the minister had a few comments on it, and when we get to those pages I will make some brief comments with respect to Bill 88.

Perhaps we can just go through the minister's brief and I will make some comments with respect to some of the points the minister has made about his own ministry's spending plans for this year and the direction in which he is hoping to take the province with regard to transportation.

I will start with his comments on page 6, where the minister starts to discuss provincial highways. Certainly, I would think there is no area as big in the budget as spending on highway construction. I suppose municipal road construction may be similar, but for the most part this ministry is in charge of and most of its spending has to do with highways and roads in Ontario.

1640

It says: "In the provincial highways program, priority continues to be placed on rehabilitation, system expansion and operational improvements. While the budget for northern highway rehabilitation and construction is in the estimates of the Ministry of Northern Development, it is

developed, designed and implemented co-operatively" with the Ministry of Transportation.

I have concerns about the fact that the money for northern highways comes out of the Ministry of Northern Development. I think this government should take a serious look at whether the Ministry of Northern Development funds should be the ones that are used for the spending on the highways in northern Ontario.

It seems to me that where we have major highway needs and concerns in northern Ontario, which could be extremely expensive, the idea that our spending on the highways is going to be restricted to what the Ministry of Northern Development gets and effectively going to result in taking away funds from other areas of northern development in order to fund highways is a real constraint on northern development.

I think the Ministry of Transportation should be taking the responsibility for transportation in northern Ontario and it should be funded on the same basis as highways elsewhere in the province and those specific funds that are dedicated to northern development should go to specific additional initiatives. The regular highway maintenance and rehabilitation programs that are being funded out of the Ministry of Northern Development in fact are regular government spending programs which should be coming out of a budget which is to provide for services right across this province.

The idea that the Ministry of Transportation can save on its budget by having its responsibility for paying for highways in northern Ontario assumed by a ministry which, in my view, is supposed to foster special particular development assistance in northern Ontario really is robbing northern Ontario of development initiatives that could possibly be going there. In other words, I do not believe that northern development funds should be spent on regular highway rehabilitation work, or for that matter in other areas of government responsibility in other ministries which should be assuming their responsibilities right across Ontario.

Moving on to page 10, the minister lists a number of new major expansion projects under way within the province, and I would note that I do not believe any of these expansion projects are in northern Ontario. Certainly, highway construction is one of the highest priority issues for northerners and it is seen as a very important economic development issue.

The issue is one that is being pursued by groups right across the north from all political spectrums, ranging from the business communi-



ty through the chambers of commerce, which are very adamant on this issue, to, on the left-wing of the spectrum I guess, our party, which has made the issue of four-laning the Trans-Canada Highway such an important issue.

Really, it is a response to the public needs and the business needs in northern Ontario. I think it is almost universally recognized that the north has not got its fair share of highway construction, particularly given the geography and the constraint put on northern development by lack of competitive highways in northern Ontario.

I would ask the minister to explain to us where in fact the expansion plans for the highway construction in northern Ontario are. Most particularly, on the following page the minister talks about development plans for the Trans-Canada Highway, and I would like to know if the minister has a timetable and a construction plan for four-laning of highways in northern Ontario and if he could present that to the committee.

**Hon. Mr. Fulton:** What question do you want first?

**Mr. Morin-Strom:** I am asking a whole bunch of questions. I assume the minister will be noting the kinds of questions and we will get answers to both critics' questions. We cannot get them this afternoon but, hopefully, first thing tomorrow. Otherwise, we can go back to them one at a time afterwards in the next couple of days.

I am going to go through with a list of concerns and questions in various areas that you have raised, if that is okay. The ones we get answers for we will not have to pursue again. If they do not get answered, I will ask them again when we get into the interchange after that.

When it comes to highway development in northern Ontario, I find it most interesting that in the last federal campaign we had advocates from all three parties advocating the importance of four-laning of the Trans-Canada Highway. Even since the election I see Liberal members who were elected in northern Ontario—in particular in my own area there is Maurice Foster, the federal member for Algoma, who certainly has been one of your veteran members there for 20 years. He has already come out publicly again, trying to put pressure on the federal Conservatives to start acting on this issue. But it seems to me we want to see Liberals not just advocating it when they are in the opposition; I would like to see some Liberals advocating some spending on that when they are in the government, which they are here in the province of Ontario.

When it comes to highways, the primary responsibility is a provincial one. It may be that without federal involvement it is going to take longer, but I would like to see some progress on the improvement of the Trans-Canada Highway and I am sure my northern colleagues like my member for Algoma-Manitoulin (Mr. Brown) would like to see some progress on those highways across the north as well.

Going on to page 13, the minister makes some comments about safety, and certainly if there is one issue that has to be taken most seriously in terms of our protecting the public interest it has to be in terms of safety on our roads in Ontario.

The minister lists the statistics that are available in 1987, but I do note that the minister does not indicate the comparisons in recent years of these statistics versus what the safety record had been in previous years. I notice these statistics are from the 1987 Ontario Road Safety Annual Report.

If we look in that report, which was recently issued, on pages 14 and 15 we see some of the graphs here on injuries on our highways in recent years. I note that in terms of numbers of persons killed in Ontario, we are at the highest level in the last six years and we appear to be on an upward trend in terms of the number of people killed.

In terms of persons injured and severity of injuries, three levels of injuries are graphed in figure 2.2 over the last 10 years: minimal injuries, minor injuries and major injuries. The number of minimal injuries at 69,279 is at a record for the last 10 years, a steadily increasing level of injury. The number of minor injuries at 42,296 is at a record level. Major injuries at 9,514 are at a record level. All are, in fact, increasing. I suggest that this government should be doing more to improve our highways, to take bad drivers off our highways and to enforce the traffic regulations that we have on our highways.

**1650**

On page 25, we have the data on the number of accidents in the province. In 1987, the number of accidents reached a 10-year high. It would appear that a lot more has to be done in terms of improving the safety of our highways. This is even considering some of the factors that were supposed to have been major contributors to making our highways safer in terms of reducing our speed limit, the seatbelt regulations and so on. You can see in the data that the seatbelt regulations did have a very significant impact particularly on fatalities. We are not back at the level of fatalities we had previously, but we are in terms of the total number of accidents; we are



continuing to increase in that area and in terms of minor injuries.

While the minister's words all sound good, I think there are some very serious safety concerns and that is a real problem area that has to be addressed more seriously.

On page 19, another of our safety concerns is the overloading of trucks. On page 20, it says, "A serious contributor to early bridge and pavement wearout is the overloaded truck." I understand the minister has some studies that perhaps would show what the factors are in terms of truck overloading levels and what impact truck loading levels would have on costs to our highways and, potentially, safety concerns in terms of the number of accidents. I wonder if the minister would be able to provide us with any evidence or studies he has that would show the impact of truck loading levels on both safety and on costs in maintaining the highways.

On page 21 of the minister's statement we have a reference to the truck inspection stations and enforcement coverage. During the hearings last summer, we had requested information related to the number of enforcement staff and the operation of the truck inspection stations in northern and eastern Ontario. I understood at that time that the ministry was going to provide the committee with some information in that regard. I have looked at the information we were provided with and I cannot see anything other than an overall figure for the province as a whole. If something was provided, I would like to see a copy of it, because I do not have it. Otherwise, I would like to have the minister provide us with some evidence as to what the levels of inspection and enforcement are in those two regions of the province. I would request information on those specific areas.

Next, on page 24, the minister says, "In an attempt to improve compliance with Ontario's gross weight and axle load limits, the ministry has been actively working with the industry." He uses as an example the program with log haulers in northwestern Ontario. This is a program that may be successful—I do not know—but it is one which is creating some irritation in the industry because of its discriminatory nature. I would like to know why the minister has not extended this program into other lumber areas of the province and, in particular, why northeastern Ontario loggers are not included in the program. There have been expressions of concern from the loggers in northeastern Ontario as to why those in northwestern Ontario are getting this preferential treatment.

Just today, I had a conversation with representatives of haulers of aggregate products here in southern Ontario. They expressed various serious concerns with regard to the problems they are having with axle weight. We know the kind of demonstration that was threatened down here with regard to their axle weight concerns.

The minister does refer to the agreement to temporarily increase the ministry's administrative axle overload charging tolerance for gravel haulers on page 26 of his notes, but they are expressing concerns too. They feel they are in a similar situation. In fact, in their view—they expressed it to me as a more serious concern—they feel they are even in a more difficult position in terms of controlling axle weights and would like to know why they are not being given some kind of relief.

One of the serious concerns the aggregate haulers have is with regard to why the drivers, rather than the shippers, are becoming scapegoats for axle weight limits. As they describe it, when a truck goes in to a gravel pit or a quarry to pick up its load, there is no means of measuring the weight on the individual axle. The quarries have weigh scales that will weigh only the gross amount. The quarries are responsible for the gross amounts being under the limit; however, there is no way the driver can know the distribution of that weight and whether the individual axles are over the limit, because they cannot be weighed.

So the quarries are made responsible for the gross weight and the drivers are made responsible for the axle weight. The quarries have the equipment to measure their gross weights and they are able to protect themselves in terms of that gross weight, but there is no way the driver knows or can control whether the weight distribution is meeting the axle weight limits as that load has been dumped on to his vehicle. When he comes into a weigh scale and he is getting nailed with the gross weight being okay but one axle being too heavy, he is having to take the total responsibility. The shipper is getting off the hook completely and it is the driver who is taking the penalty in terms of the fine, in terms of sitting there for maybe an hour using his shovel in the back of his truck trying to redistribute gravel in the back of his truck to get the individual axle weights back under the proper limit.

As I understand it, under the new commercial vehicle operator's registration system, his driver's licence is going to take the demerit point. There will be no demerit points against the

shipper or the broker who has loaded the product on to his truck.

I would like the minister to perhaps give us some comments, first, about what he might do in terms of relief for the log haulers in northeastern Ontario; and second, with regard to concerns that have been expressed. As he knows, there was a presentation to him from the Ontario Truckers Benevolent Association. Perhaps we can address whether in fact he feels the truckers, the individual drivers, should rightly be taking the responsibility for those axle weights when they have no way of knowing whether those individual axles are overweight because there are no measurements possible.

**1700**

At page 35, we have the reference to the Truck Transportation Act. I would take strong exception to this portion of the document. I guess we could rehash the whole debate over the Truck Transportation Act, which I do not think there is any point to doing at this point, but since you have made your political argument as to all the great benefits we are going to see, let me just say that I do not think we are going to see benefits. I am really very concerned about the loss of jobs, the reductions in service, particularly to outlying areas, and the higher costs we are going to see in terms of truck transportation in northern Ontario.

At page 39, you make a minor reference to the rail sector and say that "approximately 1,500 kilometres of branch lines have been abandoned in the last 10 years and many more lines are expected to be abandoned to the point that communities not close to main rail corridors will lose rail service."

I would like the minister, if he could, to tell us what lines are expected to be abandoned, where the risks are and, most particularly, whether any of the lines in northern Ontario are at risk of abandonment. If the minister has that information, I would appreciate it. I suspect there is the potential at some point for abandonment of either the Canadian Pacific line from Sault Ste. Marie to Sudbury or the Algoma Central Railway line. I would like to know if the minister has any information which might indicate that one of those is a potential line for abandonment.

The other major transportation mode is air transport. On page 42, the minister mentions the situation regarding the Toronto airport. As someone who flies in and out of that airport twice a week, I am pleased that the minister has been spurred to look into this issue. It has been a deteriorating situation for travellers, particularly people who are not living within easy commuting

distance of Toronto. There are a lot of business people across Ontario who are very dependent upon Pearson International Airport as their main means of linking themselves with Metro Toronto and other places around the world, because most of our air transportation links in Ontario come through Toronto no matter where you are going elsewhere in Canada or around the world.

One of the things I guess I should note is that air transport is one area where we have seen that deregulation has done very serious harm to level of service here in Ontario. The federal deregulation in air transport has not resulted in improved service; it has resulted in far less competition than we had before. We had major rationalization of services with the two major companies buying up virtually everybody else. Virtually everyone now is associated with either Air Canada or Canadian International. In northern Ontario we have seen abandonment of the communities in the north by one or other of the airlines, in most cases. Today, we do not have both of the major carriers providing jet services into most of the communities that were getting that service in the past.

The change has been from jet service to propeller service. The delays are much more extensive and more frequent than they were previously. Most particularly, the costs are incredibly high. Just to fly from Sault Ste. Marie to Toronto every week, right now I am paying a return fare of \$342. I should not say I am paying; the government is paying my airfare. But \$342 return from Sault Ste. Marie to Toronto is an astronomical cost. In comparison, one can get flights now across the Atlantic on discount fares for a comparable cost.

With regard to Pearson International Airport, I notice the minister says they are looking at the development of a strategy, but it also includes Hamilton, Buttonville and the Toronto Island Airport. I would like to ask the minister if he could detail more specifically what his strategy is for Pearson airport. I believe it will be totally unacceptable to travellers in northern Ontario if they were sent to any airport other than Pearson International. I would hope to heck that we are not seeing a proposal from this government that would send passengers from other places in Ontario to one of these other three airports rather than Pearson.

The solution has to be one major airport in Metropolitan Toronto. Someone simply coming to Toronto is one factor, but in terms of people who use Toronto as their gateway to get to other



communities in Canada and around the world, they have to get to Pearson International.

I hope the minister is not contemplating the idea of having one of these other airports as a regional airport to service other cities in Ontario and putting the Ontario traveller at the disadvantage of having to have a major transfer from one of these airports to get into Pearson in order to get on to their connections to other communities. The connection has to occur at Pearson.

My understanding from people in the industry is that there are international airports in many of the cities in the United States which do not have more runways than Toronto, but carry much higher levels of air traffic than Pearson International. Pearson should have capacity in terms of the facilities that are there to handle traffic at much higher levels than it is currently handling. The evidence is quite apparent from other airports in major centres in North America. What are the plans for those other airports?

On page 48, there is considerable talk about greater Metro Toronto and the expansion of Metro Toronto. I would question whether the province is going the right route, if the government plans to promote this idea of the population of the major areas just outside the city of Toronto—Peel, York and Durham—doubling in the next 25 years. That may just be a projection you do not think you have any control over, but I believe the province as a whole does have some control over where the population moves within the province. I hope we are not gearing Metro Toronto for a major expansion in population. I notice that an awful lot of your spending initiatives are happening in the Metro Toronto area. I think we should be promoting economic development across this province, particularly areas where we do not have the very low unemployment levels and serious constraints in housing we have in Metro Toronto.

1710

**Mr. Black:** On a point of order, Mr. Chairman: My friend on my right pointed out earlier in the day that what we have here are the estimates for Metro Toronto and northern Ontario; for the rest of the province, the estimates will be coming later on. I would not want Mr. Morin-Strom to be concerned about the emphasis on Metro Toronto.

Interjections.

**Mr. Chairman:** Do not let them derail you. Carry on. Forge ahead.

**Mr. Morin-Strom:** Finally, I would like to support the minister in his priorities for transport

tation of the physically disabled. That is an initiative that has to continue to be expanded. I think the minister has done some good things in that area in recent years. Certainly, the taxi service in Sault Ste. Marie has been a benefit to our community.

**Mr. Dietsch:** I did not hear what you said there. What did you say?

**Mr. Morin-Strom:** I am being a nice guy.

In terms of the disabled, we should have a wider expansion of the Wheel-Trans type of programs across the province. In our community, and I am sure in some others as well, it has a limited availability. I would like to see this ministry promoting local governments expanding the parabus type of service, which is an important service but has restricted hours. In communities like ours, it is even restricted geographically within the city; they will go only to, let's say, an urban service line but will not go to the more rural residents of the city. It is an individual service and I do not think it should be as restricted as it has been.

Finally, I think I have already talked about the importance of initiatives to strengthen the northern Ontario economy. The minister claims on page 60 that he is doing something about it, but I feel that not nearly enough is happening in the north. Transportation is one of the areas where this government could be doing an awful lot more than it is today.

**Mr. Chairman:** Let's hear from Mr. Wiseman now. Then, if there is time today, we will hear a response from the minister; if not today, then tomorrow.

**Mr. Wiseman:** My colleague gave a little congratulations or thanks at the end. I will do it at the beginning. I would like to thank the minister for the piece of highway between Franktown and Carleton Place and to ask him at this time if he would have his officials take a look at the resurfacing job there. I drove over it just the other day. For a highway, the blacktop just went down and it looks like something that has been down for two or three years. It is a really bad recycling job.

The cracks are already as large as my finger; but we are glad, it is better than it was. There were a lot of deaths on that road. It is a great improvement. It is on Highway 15 between Carleton Place and Franktown, that new piece of highway. Maybe it was because it was put down quite late in the fall, but in places it just does not look like it should look for a new piece of highway. Some of the municipal officials have told me "We are happy, but."



There was that, and then the bypasses between Arnprior and Renfrew. I would like to thank you on behalf of myself and the member for Renfrew North (Mr. Conway), but we are both on record as saying we would like to see Highway 417 continued farther up to help those places in the north get the economy that you talked about over about 15 or 20 pages on Metro Toronto and area. We also need that extra. The minister has driven on it, I know.

When I get driving up to my Renfrew office and get to Arnprior, without those bypasses, and even with the bypasses, it is as dangerous as heck because the traffic just gets so heavy that you might just as well sit in behind and wait at 45 or 50 or less, whatever they are driving, because it is too dangerous to try to pass. But we are pleased with the improvements there.

I notice that Bill 88 had not been proclaimed yet, or maybe I missed it. We did not see it being proclaimed. I would like to know when it is going to be proclaimed. I would like to know, so we do not have to have another question in the House, what is being done for those many people who are out there now operating without a licence because it was not compatible with the federal legislation and your appeal was not upheld in the Supreme Court. It seems that we have left those people for two or three months or more now in limbo and I think we should know what you have done to correct that.

We have heard in your report that there are about 3.5 million people living in greater Metro Toronto, but there are, as you are aware—and I know you were driving some of the roads this summer and fall—a lot of township and county roads which need a lot of dollars as well. There was very little in your presentation to us for county and township roads. We have a lot of trouble out there with bridges, such as salt damage to these bridges, and many counties and townships have wish lists as long as your arm, but they are realistic and only want to get their—

**Hon. Mr. Fulton:** One of them was in recently for about \$3.5 million, as I recall.

**Mr. Wiseman:** Yes, I have not talked to you about that yet. Maybe you could tell me whether I am getting it or not.

**Hon. Mr. Fulton:** It depends on your comments. You may want to act accordingly.

**Mr. Wiseman:** That was for a municipality; but I am talking about the smaller ones, the townships and the counties.

I will just give you two examples. We have one in the county of Lanark. It is county road 12 and it goes from Playfairville to Lanark village.

If you have never driven over this road, I wish you would. Because of the base on it and how old it is—I believe it was built in the 1950s, with very little done on it since—the trucks, logging trucks and all the rest, have made it wavy. The school bus drivers are telling the county engineer that they feel it is unsafe. The people in the village depend on people coming from that end for the business. Instead of that, they are being rerouted into Perth or go over to Highway 7. That is just one example.

In the riding of your colleague and mine, the member for Frontenac-Addington (Mr. Southey), the riding next to mine, county officials understand their subsidies will be lowered at the county level this year and they asked me to bring it up in our estimates. I wondered, if their county level is less how many other counties are being reduced in the amount of subsidies? They must have voted for the wrong guy. Anyway, that is what they told me.

Another area I would like to highlight is Simcoe West. We built the GO Transit line out as far as Newmarket. I understand from the people in that area that they have been asking for a bus to take them to that GO Transit station for some time and have been turned down. That just means the people commuting from that part of the area have to commute into Toronto, tying up more traffic on your roads, polluting the air with a lot of exhaust and so on, when they would use GO Transit if you had regular bus service, I am told. That is what I thought it was all about, to get GO Transit out to these communities and have the feeder lines bring them in.

#### 1720

Also, their concern was Highway 400, which I heard over this past weekend has already had a lot of accidents. I think some of them were quite serious accidents. Perhaps some of the members who drive that highway more often than I do would have—

**Mr. Black:** It's that damned snow.

**Mr. Wiseman:** Yes.

The other area I would like to deal with is that we all know the cost, as I mentioned before, to cars and to bridges and highways of the salt that is put on the road at this time of year. I understand there is a new product out now from Great Salt Lake Minerals and it is called Freezegard. I understand it is 80 per cent less corrosive than salt, but the cost is about twice as much. When one takes into consideration the cost of bridges and the cost to our automobiles and one thing and another, the cost for us to replace our automobiles, it looks like something that we should be

oking at. I am sure if the figures I have are any lication, it would certainly save and you would be able to put the moneys into township and untly roads and other roads, if the information I ve is correct.

**Mr. Hobbs:** Do you know the chemical name r that?

**Mr. Wiseman:** I do not, but I could get it for u.

**Mr. Hobbs:** That is okay.

**Mr. Wiseman:** I am sure the minister is aware drivers' licences and what a backlog there is t there. I am told that in 1987 we had pproximately 45,000 people looking for licences in that year. These are all ages, new anadians and teenagers, getting licences. I nderstand that in 1988 that figure jumped to 6,000, and I understand there is a backlog of me five months for some of those people to get heir examination. I have talked to some of them. hey do not feel they should have to wait that ngth of time.

I would like to know what the minister and his aff are doing to reduce that time from what it is t present, whether it is a five-month waiting eriod or some time less or more, to something a ttle more realistic.

As well, in my riding and in other ridings here people have brought it to my attention, knowing that I am the critic they have complained about having to go to key points within he smaller ridings to take these tests. As an xample, they go from Ompah, which is about 50 niles north of Perth, to Smiths Falls to take this riever's course, which is kind of inconvenient. This probably ends up to be more like a 60-mile rip. I would just like to see something done here they take them out in the community, and hat is just one example of it.

Another example—and I thank one of your executive assistants for helping on something here communications and so on broke down— was that during the Christmas holiday one of my staff in the riding got married in November and tried to get her driver's licence changed over. She got her new birth certificate with her maiden name and her married name on it and made three attempts one day—I was in the store where she was—to get her licence, only to have the licence issuer tell her that she had to have her marriage licence, which had gone in, to get this change. The issuer would not accept the birth certificate with the new name on it.

I am pleased to say your executive assistant, after three calls, got it straightened out. I got a call from the regional office in Kingston. He said

he did not even know that this had been changed, that they could accept the birth certificate as proof of marriage or proof of change of name. That kid was stopped about two or three times by the Reduce Impaired Driving Everywhere program over Christmas. Each time the police would say, "Why haven't you got this changed?" She was in the process of trying to get it changed, but could not.

He phoned me back from Kingston and said that he was not even aware. The directive had not come out into the boondocks, so to speak, to him and he had not fed it along to the people working for him. Sometimes in the best laid plans things break down. I want to bring to your attention the inconvenience to that young girl. If I had not been in the store that day and if she had not mentioned it to me, she might still be running back trying to get her licence.

Another thing I wondered about, and in some jurisdictions they do it, is limited driver's licences. I have had quite a few people talk to me about it. One was a crown attorney—I have his letter on file—who wrote saying he thought that in the case of seniors there should be a limited driver's licence. He went on to explain that many of them, as I know from experience, use their cars only during the daytime hours. They do not put on many kilometres a year; they maybe drive to church or for a few groceries or whatever. Some even keep their cars in the homes for the aged where they are and take a few of the girls who are in there down to do the shopping, but they just go downtown.

What brings it up too is that once they reach that age of 80, a lot of 80-year-olds now—maybe it is because I am getting up close—have all their marbles. I can name quite a few who are just as sharp. Maybe the body is breaking down a little, but they are just as sharp as they ever were.

**Hon. Mr. Fulton:** Mine started breaking down years ago.

**Mr. Wiseman:** I think there should be some consideration. There are a lot of grey-haired people around here who are getting up there too, who may benefit from this at some time, so do not laugh.

There is another part. I thought any government would give priority to trying to help a businessman to get established in this province and this country and not have to go abroad, particularly if it made a lot of sense. Frank Crupi had a machine that he developed for recycling pavement. I understand this machine cost \$4 million but it reduces the operations from eight steps to two, takes a lot less energy and causes a



lot less environmental pollution and so on. It is faster, so it does not tie up the traffic as long.

I understand he had a meeting with some officials of your ministry. I do not know whether it was you, Minister. He was given some encouragement at first, but then somebody, he said, told him that he should take it south of the border, which he has done.

**Hon. Mr. Fulton:** Just for the winter months.  
1730

**Mr. Wiseman:** That is what he said, that some person told him he should take it south of the border. He has gone to Florida and found all kinds of work for it. If it was as good as he says it is—and I guess the Florida government thinks it is—why would he have to go down there, with all the savings and everything?

**Hon. Mr. Fulton:** We are not doing a great amount of paving out there today.

**Mr. Wiseman:** I had the cost here. The savings for that recycling and paving was quite a bit, too, as well as cutting down on the operations and not tying up the highways for long periods of time. He says one bureaucrat told him to go south with his invention. Whoever that bureaucrat was, I do not think it was a wise move to do that.

The traffic congestion in the Golden Horseshoe here is growing every year. I know the minister has said a few things he intends to do, but I wonder if he intends to give priority to the Sheppard subway line. If not, why not?

We also know Toronto is maybe going to host the Olympics in 1996, and we hope it does. We know what happened with the economic summit here. It was only for a few days and it tied up traffic in downtown Toronto. I think it was a wonderful thing for Ontario and Canada to host that, but it tied traffic up. Many people in the area were really angry. Perhaps we should have some plans in place or somebody working on them. If this happens, you cannot make it happen overnight. You have to have some sort of plan to put in place of how are you going to move people into the site without a whole lot of chaos.

You mentioned in your opening remarks that with the SkyDome, you are going to give consideration either to enlarging a bridge or doing something with a bridge. If what I hear is true, there are very few parking spaces with the SkyDome, and most of those, I guess, are going to either the athletes or to the people who own boxes down there. Anyone who has gone down to the old stadium on a summer night has seen what happens when there is a ball game. They park here and there, all over.

**Hon. Mr. Fulton:** When do you get the time to go to a ball game when you are in Toronto doing business?

**Mr. Chairman:** Ignore the heckling, Mr. Wiseman.

**Mr. Wiseman:** I am like some of the other government ministers whose cars I see down there. I just wish I knew when they were going, and I would not have to drive. I have seen a few of them around there go in single-handed. I do not know whether the minister was there or somebody else; anyway, they were there.

When you see that and the traffic at Ontario Place, which we own as a province, and then you bring the SkyDome close by, I would just like to know what plans the ministry has to stop the congestion down there and to recommend to the people who want to go to a ball game how to go there without a lot of problems.

Also, I want to give the minister credit, even though I said I would do it all at the beginning for the GO Transit service to Whitby. But I wonder if he really had confidence in the line carrying many passengers, because of the inadequacy of the parking spaces out there. I think he has to take a good look. I know my colleague who sits next to me in the Legislature, who does use it, has asked you about it at different times. It is difficult to get parking spaces there. The parking facilities are not adequate. I see a smile from one of the members across the way. I think she agrees.

I would like to know what the time frame is for the next stage of that; service to Oshawa, when may it be opened?

Something we have not heard anything about for a long time—perhaps you have washed your hands of it, but I would like to know where it is at—is the Urban Transportation Development Corp. I never did find out exactly how much money the province got for it. We had one deal struck and then the Premier (Mr. Peterson) got somebody in to see if it was good deal and then they moved away from the first deal to a second deal.

I would like to know what we actually got, if the money was paid, and I understood there was a hooker there, too, that said that if any of the previous—

**Mr. Black:** A hooker?

**Mr. Dietsch:** They go on the TTC.

**Mr. Wiseman:** They go to a different club than I go to.

Anyway, there was a rider that went on which said that if any of the previous vehicles that had



been put out in the field had anything wrong with them, we as a government had to assume the responsibility for them. I would like to know if any responsibility has been paid since the new company took over and what amount that was, to see whether we really got any dollars at all for our investment there.

I do not know whether this ministry has responsibility for the Ontario Northland Railway.

**Mr. Hobbs:** No.

**Mr. Wiseman:** You do not? You do not fund any money to it?

**Mr. Hobbs:** No.

**Mr. Wiseman:** I cannot ask you about that, then.

**Hon. Mr. Fulton:** You can ask, but I will not answer.

**Mr. Wiseman:** Do you have anything to do with the new station that would be built at North Bay to service that?

**Hon. Mr. Fulton:** Not the Northland; and if you have a question about the Chi-Cheemaun, we do not have that either.

**Mr. Wiseman:** My colleague had asked the question about Pearson International Airport. You were asked the question in the House prior to Christmas, and I know you said you had some discussions with the federal minister. It seems that since Christmas there has been a series of fairly serious near-misses and some not misses.

In the latest one two aircraft apparently damaged each other's wings. Some of the near-misses were in coming in different lanes than they were supposed to be in, or different flight patterns. It has got so bad that people down my way are afraid to fly in.

I realize that most of this is a federal responsibility, but I would think that until this is all settled there should be an ongoing dialogue between yourself and the federal minister to see what can be done, because it is in our province. An awful lot of people are trying to reroute around from the Ottawa area, directly to Florida and directly to some other place and miss Toronto all together, or they are coming in to the Toronto Island Airport and missing Pearson, because of the time delay and because they are afraid.

One other thing that I heard—this was from an air traffic controller—was that they are bringing air traffic controllers up from the United States, training them here and giving them more money than the ones who are at the airport at present. This has made for hard feelings, of course, that

they walk in at a higher level of pay than the ones who are working there, and the morale of the air traffic controllers is really low.

I know you have no jurisdiction over that. Perhaps you could bring those concerns to the federal minister when you see him. A lot of people are scared to visit there.

#### 1740

I have just a few more comments on your presentation. You briefly mentioned seatbelts; you want to push seatbelts even more. A lot of letters have come in to me about seatbelts for school buses. I know it has been an ongoing thing that more and more bus drivers are asking for them, and no matter how well educated we are to stop when we see that flashing light, we always hear of some who run into the darned bus or run into kids. I noticed one not too far from home not long ago where, because of the conditions of the road, a fellow ran into the bus. I think some of those kids got shaken up pretty good, but I do not think they would have if they had been wearing seatbelts. I realize that with little ones it is hard, but it is something we should be looking at.

On page 63, we mentioned that we are relocating from Yonge and Sheppard to Downsview. I know that property. When I was in the Ministry of Government Services, we had a lot of property there, and I just wonder why we would move away from where we thought we had a pretty good location for people to get back and forth on the Red Rocket. If you put them out in Downsview, and you want them down here, they are going to have to drive. Many of them coming from their homes could have used the system we had there. With the amount of land that Government Services owned, I just wonder why, if we needed a new building, we did not go ahead with that out there.

On page 54, we spoke for a long time about what we are doing in and around Metro Toronto and we mentioned at the bottom of the page that we invested \$695 million in municipal roads and an additional \$53 million in 1987-88. This was almost \$100 million more than 1986. I would like to know how much of that money went to all the other municipalities outside of Metro Toronto. A lot of the population lives out in some of the other larger communities and other towns and cities.

Abandoned railroad beds: I understand that the Ministry of Transportation is the co-ordinating ministry to look after all this. I congratulate you on being chosen, because I think the others were glad to see someone else take the lead on that.

**Hon. Mr. Fulton:** It was not a beauty title.

**Mr. Wiseman:** We were told you were.

**Hon. Mr. Fulton:** By whom?

**Mr. Wiseman:** One of the other ministries, I think it was Natural Resources, told us that you were the lead ministry on dealing with abandoned railroad beds and what we did with them, so you had better talk to your colleague.

**Hon. Mr. Fulton:** No, I said we are.

**Mr. Wiseman:** Oh, I am sorry.

**Hon. Mr. Fulton:** The way you addressed it, I said that we did not win a beauty title. We simply took over a role in dealing with abandonment of railways. But to pick up on what you said, this ministry leads in a number of areas in this province.

**Mr. Wiseman:** Thank you. I did not hear you. I thought maybe you were wishing you were not or something.

**Hon. Mr. Fulton:** No; heavens, no.

**Mr. Wiseman:** I would like to know what you are doing with it. My friend the member for Hastings-Peterborough (Mr. Pollock) has great concern in his riding about the abandoned railroad bed and what is going to happen to it. There is one that goes right from Kingston through to Pembroke, the K and P line, and I understand a fellow has put in a bid of \$50,000 to buy that. I hope you do not allow that to happen.

**Hon. Mr. Fulton:** Is that the Rideau line, the Rideau area?

**Mr. Wiseman:** No, the K and P line, they called it, the Kingston to Pembroke line. It started in Kingston and went right up through Renfrew to Pembroke.

**Mr. Hobbs:** Is the group the Rideau tourism area?

**Mr. Wiseman:** No, it is the chap who runs the lodge at Calabogie who wants to buy it. The people there feel that if he gets it, he will charge a fee to go on it. Right now, in some areas the conservation authority is looking after it and doing a good job. An awful lot of people use it for a walking trail, skidooing, cross-country skiing and everything else and know they can get on that without the fear of being hit by somebody.

**Hon. Mr. Fulton:** It has nothing to do with the maintenance of rail service. It is tourist recreation; it is a recreational trail.

**Mr. Wiseman:** Recreation is what they are hoping to encourage, and not that it be turned over to this fellow for \$50,000. I do not think it should go into private hands. It should be left with the government and the people.

I would like to ask about the Arnprior area. That is another thing I should give you a pat on the back for. They overspent a bit there, they were looking for a little bit more money and I hope the answer to that would be yes. I will leave it at that.

**Mr. Chairman:** Thank you very much. There were a couple of people who indicated they would like to get a couple of questions on record, so that when you come back, when you are doing the responses to the two critics, you could also deal with them. Would that be appropriate to the critics? We are not going to go through all the minister's responses today anyway.

**Mr. Black:** I would like to commend you, Minister, on the three initiatives you have identified in your presentation: one is safety on the highways, the second is roads for tourism development and the third is development in northern Ontario. I want to give you some assistance in telling you how you can accomplish all three of those objectives in one fell swoosh that is to speed up the four-laning of Highway 69 and Highway 11.

As you know, there were a significant number of deaths on the Parry Sound section of Highway 69 this past year. It has been identified as one of the most treacherous roads in Ontario, I believe, and in Canada perhaps. There were six more deaths there over the Christmas holiday. It is a road that is certainly in need of something, and we know there are plans to extend from Waubesa to Port Severn. I understand that you have a 20-year or 25-year plan to continue that four-laning of both Highway 69 and Highway 11.

I wonder if you could share with the committee the exact timetable that your ministry has for those two roads. I am concerned about the extension of Highway 69 to Sudbury, where it will hook up with other roads in northern Ontario, which the member for Sault Ste. Marie (Mr. Morin-Strom) has brought to your attention, and the extension of the four-laning of Highway 11 to North Bay.

The second thing I have concerns about is which I would appreciate some information on this: I know your ministry does have a formula for determining which roads are most in need of work. I am thinking of municipal and district county roads. I am wondering if that formula recognizes the geography of different regions in the province.

For example, the riding I represent is on the Canadian Shield, which poses some very significant problems in terms of maintenance costs on roads. It undergoes probably the most frequent



wings and freezings of any section of road in the province of Ontario, which, as your people have recognized, puts particular stresses and strains on roads. I am wondering if that is reflected in the funding that is provided for roads across the province, if we do recognize that it is much easier to have a road in northern Ontario where it is frozen all the time, than it is in Muskoka where it freezes and thaws once in a while.

Those are two serious concerns I have. There are some others that I will not bother you with.

**Mr. Chairman:** Thank you. Those are well worth putting on the record, and I commend you for those fine questions, Mr. Black.

**Hon. Mr. Fulton:** If I may, I should say how much I appreciate the hospitality and information we gained in touring the district of Muskoka with a member, and that particular issue of the freeze-thaw cycle was brought to our attention.

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**Mr. Chairman:** Okay. We have a couple of other people, Mr. Dietsch and Mrs. Marland, who still had questions they wanted to get on the record.

**Mr. Dietsch:** I know there has been a great deal of improvement in the safety program across the province and, in particular, the ones that you mentioned with regard to radio advertisements, etc.

There is an area that was not addressed in your remarks which is of a great deal of concern to myself and a number of motorists. On the Queen Elizabeth Way, for example, a great number of drivers stay in the fast lane and drive at the speed limit or below the speed limit and create great pockets and jams of traffic.

I am wondering about exercising some type of program in which to inform drivers about that, because you will find there are a great many American visitors who are in the habit of that kind of driving, as well as some of our own drivers here in Ontario who take that position on the road and then do not move over for love or money. I think that is something that can be well exercised in terms of the movement of traffic.

Regarding the transportation that you have set as a priority in terms of moving traffic in and around the Toronto and Metro area, I would like to know further from the people from GO Transit just exactly the targeting with respect to GO Transit in terms of moving GO Transit to the Hamilton-Stoney Creek area. In travelling that road as frequently as I do, along with a number of other motorists, there is certainly a need for some type of public transportation that helps to

enhance the time schedule of moving traffic along that section of the Queen Elizabeth Way from Highway 403 at the Burlington Skyway right straight through into Toronto. I think it would be used and utilized well. Many of the cars that are on the road at that time are single-occupant cars. I would like to have that information available.

Concerning the rehabilitation for the highway, my friend opposite brought out a good point with respect to the salt on highways and bridges and in terms of the breakdown of bridge structures with respect to use of great amounts of salt. I know there has been a co-operative effort between the Ministry of Transportation and the corn producers in terms of biodegradable material that you put on the road in place of salt.

**Hon. Mr. Fulton:** Calcium magnesium acetate.

**Mr. Dietsch:** Yes. There were some experimental areas and I would like to know exactly where that aspect of road safety is coming from as well.

The other area that I would like you to address in your comments regards the twin pass approach and what type of savings mechanisms are available in that twin pass approach; what type of savings from a ministry point of view as well as the policy behind that twin pass approach. I will leave some time to my colleague opposite to get her questions on the record.

**Mr. Chairman:** Not only that, but the ones beside you. There are a couple of others who wanted to leave a couple of questions on the record today, too.

**Mrs. Marland:** Yes. That means we can still ask questions again tomorrow, Mr. Chairman?

**Mr. Chairman:** Absolutely.

**Mrs. Marland:** To deal with one item in the minister's comments today, I notice he does refer to the Spadina bridge improvements. I would like to know who is paying for that, whether it is a city of Toronto expenditure or whether it is the provincial government. The reason I am interested is because when there was an agreement as to how much the SkyDome was going to be supported by the provincial government, I know at the time that we in Mississauga, who were also bidding for the dome of course, questioned how much the infrastructure was going to cost to provide for the transportation of people to and from that downtown site.

It is a construction location I am going to be closely monitoring in terms of what the infrastructure improvements will cost. There is no



question that they are going to be needed. I would like to know what else is going to be done in the vicinity of the dome site to improve what has already been mentioned here this afternoon. It is currently a disaster with even the Canadian National Exhibition stadium operating. As a commuter who has no choice but to use the Gardiner Expressway and the Queen Elizabeth Way, it is horrific as it is when the CNE is open for those two weeks and when there is either a football game at the stadium or a ball game in the summer at the stadium. I really dread to think what is going to happen when the domed stadium is open.

If I could know what plans your ministry has for dealing with those traffic volumes, recognizing that public transit is a viable alternative for people who live in Toronto going to that location but it is not a viable alternative for people who come from outside Toronto who cannot hop on the GO train. Alternatively, if they are close enough to get to the GO train, as you are aware the capacity for parking at the GO stations is a whole other can of worms, unfortunately, because while we try to encourage the use of GO Transit we do have a shortage of GO Transit station parking.

**Mr. Chairman:** I am sorry to interrupt. There were two other people who wanted to put questions on the record.

**Mrs. Marland:** I will leave that subject there and I will continue tomorrow.

**Mrs. Stoner:** Briefly, I would like to thank the minister for acknowledging in the last few years that there was something beyond the Scarborough border. With the two things we have seen, I would like to have more detail on the timing of the Highway 401 widening, particularly the startup of construction at Neilson Road. The other area, as was mentioned, is the GO train extension out to Whitby, which has been a real boon and has made a difference already, but there is a problem with the parking. I would like to have some kind of idea of what we are looking at in solutions there. I know there are options to expand the parking lots and that facility is available, but the decision has to be made to do that.

I would also like to have some idea of what the general direction plans are for Highway 407 and some concepts of timing for the greater Toronto area. Also, on the matter of the Malton airport, I would like to know if there is anything happening in improvements to the infrastructure.

**Mrs. Marland:** Take it over to Pickering.

**Mrs. Stoner:** No, no. As a matter of fact member for Sault Ste. Marie suggested that they really did want to maintain the central base at Malton but did need some improvements. I, too, would like to see some expansion on the possible options at Malton and also at Hamilton, including rail.

**Mr. Chairman:** You have just left Mr. Tatham time for a question.

**Mr. Tatham:** I have a basic question on the matter of truck transportation and just-in-time sourcing. What are we going to be doing as far as road construction is concerned because of just-in-time? What are we going to do to raise funds to look after the situation? Have we considered a weight-distance tax, as they do evidently in some jurisdictions in the United States? I have many other questions but I see it is six o'clock, so I will stand them down.

**Mr. Chairman:** Tomorrow we will commence at 3:30 p.m. again and continue the estimates. At that point we will ask the minister to respond to the opposition critics and I suppose the other questions which have been raised since the opposition critics finished. Is that appropriate? Then we will proceed with the first vote.

**Hon. Mr. Fulton:** There are 39 questions from the opposition critics. What time allocation will we have to respond?

**Mr. Chairman:** I think that unless it is abused, you take the time necessary to respond to the opposition critics. I think members would be unhappy if it took up the whole afternoon. That would not be fair to other members of the committee who wanted to ask further questions.

**Mrs. Marland:** Do we not get the answers in writing? Do we have to go through them?

**Mr. Wiseman:** You asked us earlier today about how we were going to deal with the balance of the estimates, whether we were just going to let everyone speak generally about their concerns or go vote by vote. Are we going to do that after or before the minister's response?

**Mr. Chairman:** I think we should start out at the beginning of the day tomorrow and ask the members to think about which route they want to go, because there will be only two days. It does not matter to me, but we should make that decision.

**Mr. Wiseman:** For other members who want to come in and say something about their riding it might be good if it were left open so they could come in and do that and discuss it at any one of the votes.

**Mr. Chairman:** Please think about that for tomorrow.

**Mrs. Marland:** In response to my friend Mr. Matsch, I would like the record to show that I've been at the agencies, boards and commissions meeting this afternoon.

**Mr. Chairman:** We all just assumed that, Mrs. Marland.

The committee adjourned at 6:03 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Morin-Strom, Karl E. (Sault Ste. Marie NDP) for Mrs. Grier

**Clerk:** Mellor, Lynn

**Clerk pro tem:** Carrozza, Franco

**Witnesses:**

**From the Ministry of Transportation:**

Fulton, Hon. Ed, Minister of Transportation (Scarborough East L)

Hobbs, David G., Deputy Minister





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No. R-24

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Transportation

**First Session, 34th Parliament**  
Thursday, January 5, 1989



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 5, 1989

The committee met at 3:35 p.m. in committee room 1.

### ESTIMATES,

### MINISTRY OF TRANSPORTATION

(continued)

**Mr. Chairman:** The committee will come to order. Mr. Wiseman.

**Mr. Wiseman:** Before the minister gets to his sponsors, yesterday we wondered how we were going to deal with the estimates, because there are only a couple of days. Some of my colleagues would like to come in and put their concerns on the record. Some of the government members may not have got on yesterday and there may be some others who would like to highlight some of their roads. Maybe we should take it and talk about any one of the votes and go the two days that we have along that line rather than taking it vote by vote. It would be fairer to our colleagues.

**Mr. Chairman:** Is that agreeable to other members? Let's proceed on that assumption then. We will have an open debate and not restrict it to line-by-line in the estimates book. All right.

The minister has agreed to reply to Mr. Wiseman's comments first since Mr. Morin from is on his feet in the chamber right now.

**Mr. Dietsch:** Is he going to be on his feet for long?

**Mr. Chairman:** No, I do not think too long. We will proceed directly to the minister's response to Mr. Wiseman.

**Hon. Mr. Fulton:** I will attempt to respond to your questions in the order that you posed them yesterday. I will probably not touch on everything, but we will get back to you if required and if necessary. I really do not want to take too long, because I know other members of the government side want to ask me a number of questions, and I have already been approached by others of your colleagues who also want to come in today and/or Monday. I will try to highlight some of the answers.

Mr. Chairman, I presume that supplementary or additional questions are in order, but I will leave that up to you.

**Mr. Wiseman:** Wait until the end.

**Mr. Chairman:** I think we had better; otherwise we will never get through them.

**Hon. Mr. Fulton:** I think Mr. Wiseman started yesterday with respect to the four-laning of Highway 417 from the Ottawa area. The work is in progress and will continue in progress up to Highway 44 in the immediate future; in addition, of course, to passing lanes and a number of other improvements in the areas that you would be aware of with respect to illumination, turning movements, some median barriers and that sort of thing, which we have discussed in the past.

You asked about the proclamation of Bill 88. I would think included in that are Bill 86 and Bill 87. Although I cannot give you a specific date, we expect to be doing that in the fairly near future. I think someone at one point referred to the next full moon. Sooner than later, if I can put it you that way. We will be happy to let you, as the critic for the third party, know in advance before it is actually done.

On the Supreme Court challenge, because of the nature of that I will reserve that answer for perhaps the deputy later, or we may want to get into that in more specific terms a little later on because of the legal questions that were raised.

You were talking about county and municipal roads moneys, but in fact that is included in the \$695 million that you also referred to at one point yesterday afternoon. There is no reduction. You made a comment that in fact the subsidies were lower, and indeed they are not. There may be some variances from town to town or municipality to municipality, but the total subsidies, the allocations, which have just gone out, and you have your copy in your hand—

**Mr. Wiseman:** I know, but the one I gave as an example yesterday is definitely less.

**Mr. Hobbs:** The formula for providing municipal subsidies is based on what is called a needs and resources assessment. Each year the ministry, in conjunction with the county or the township, carries out an assessment of what the needs are and also what the financial resources of the county may be. When you get more assessment and what have you, the resources that they can bring to bear become greater. In some circumstances, and this has been the case over



the period of time that we have had this system, not every year do the allocations increase. It depends on what needs are defined and what assessment resources are available to the respective municipality.

1540

**Mr. Wiseman:** We can get into that later, but there is a change.

**Mr. Hobbs:** It is quite possible. As I say, not every municipality's allocation increases every year, and some in fact do go down, reflecting the two major components that go into sorting out what the allocation is going to be.

**Mr. Chairman:** Let's let the minister finish.

**Mr. Wiseman:** Yes. I am sorry about that.

**Hon. Mr. Fulton:** You made reference to county road 12—I assume that is in the county of Lanark—with respect to some rehabilitation work that is required. The appropriate staff have taken note of that. We will deal with that within the limitations of our budget in the construction season.

We have already discussed the lower subsidy.

You made reference, I gather on behalf of another member, with respect to GO bus service in Simcoe West. The general manager of GO Transit is here. He has taken note of that and, I expect, will respond to me at an appropriate time. I will pass that back to you for your colleague's information.

You raised the issue of the alternative to the use of salt. You mentioned a product called Freez-Gard. I do not know a great deal about that, but one of your colleagues had earlier raised the issue of CMA, calcium magnesium acetate, which is a derivative of corn. We answered that question, in fact, in the Legislature and at the rural section of the Good Roads Association last year. CMA is substantially more expensive, if I recall, in the range of 10 times the per tonne cost of salt. There is also the availability of supply.

**Mr. McGuigan:** Twenty times.

**Hon. Mr. Fulton:** It may be 20. It is more than 10 and less than 20 times the cost of salt. The other side of that is there is only one manufacturer or producer that I am aware of, which is out in the western part of the United States.

**Mr. Wiseman:** This other one is only twice the cost of salt.

**Hon. Mr. Fulton:** We are looking into the product that you raised only yesterday. Our assistant deputy minister will be reporting back to us, and we will certainly pass it on to you.

The other problem with the corn derivative even it were produced here, is that with substantial drought in the Midwest last year corn production is actually down 37 per cent. You do not have reliability of sourcing in supply and manufacture. As my friend Mr. McGuigan would tell you, corn is widespread across many uses, what corn is left is being used for feed out in the Midwest. There is a real problem maintaining that kind of source of supply.

You mentioned the backlog of driver test. Of course, there was a question in the House about a month ago that reflected the editorial in the Toronto Star, which really took the worst case scenario of a five-month delay in a particular area of the province. As we indicated at that time, we have already increased the size of our test staff and will continue to add where possible. We are opening up some Saturday services to add to the backlog. We are addressing it within the limitations of our budget, recognizing that there is a tremendous increase—I think it is a 36 per cent increase—in the demand for the service. We increased our staff by some nine per cent, and in fact their productivity over the last couple of years has increased by 23 per cent to 25 per cent.

The other question, related to Toronto in a specific editorial, is that we are attempting to relocate a very old and inefficient operation on Warden Avenue in Scarborough to another location within Metropolitan Toronto to help to reduce that backlog to some extent.

You raised the issue of a limited driver's licence, and I was not sure whether that was restricted or graduated, but with respect to seniors driving only at certain times of the day or week or something in your area. It would be difficult to do that across the province when you consider the number of seniors living, say, in Metropolitan Toronto, who perhaps would want to have, in any way, that kind of restriction on their licences. The deputy minister may want to comment further with respect to that, but I do have some limitations on the senior licence. As you know, at age 70 with the experience of accidents, and at age 80 on an annual basis, there is some retesting.

You mentioned RSR—Road Surface Recycling, the Crupi firm. You would be aware that I had met with Mr. Crupi some three and a half years ago at the time he was unveiling a recycling machine and had given us a demonstration. At that time he and his family had borrowed substantial private money and at no time had requested any kind of government assistance to my knowledge. They have done some work

ministry, eight kilometres on Highway 3, a few days ago. I have talked with Mr. Crupi on a number of occasions, and he is quite at liberty to sign any contract as he sees fit.

As you indicated yesterday, he has indeed gone south, but that is because we are not surfacing a great deal of asphalt at this time of year. At one time he was in fact going to pull out of the business and move to the United States permanently to look for another occupation and some.

**Mr. Hobbs:** As the minister says, we have talked with Mr. Crupi on an experimental basis in terms of using his equipment, but the whole basis of our highway construction and rehabilitation process is a bidding process. As soon as it goes beyond an experimental or a pilot type of arrangement, then he has to bid on jobs the same way any other road builder in Ontario. We are not in a position to be able to give him special treatment, beyond allowing him to work on some sites, which we have done, to try to improve and fine-tune the technology he has.

**Hon. Mr. Fulton:** I can assure you—and I am well known to the Crupi family before I came down to the Legislature—we have given him every possible consideration, but certainly within the bounds of the public tendering system and he is very much aware of that.

You made some references to the greater Toronto area with respect to transit initiatives. I am not sure whether or not you attended our public announcements last May here at Queen's Park where we provided and announced a number of the initiatives with respect to GO Transit, the Toronto Transit Commission and the other transit operators within the greater Toronto area. I would be happy to provide that to you.

We have undertaken a number of initiatives. Some have already been put into effect with the Oak-Whitby extension, which went into revenue service on December 5. We have another extension, the Milton line, which starts up on January 9. We have other extensions that will be announced in the very near future with respect to GO Transit.

We now have the fare integration in effect in locations throughout the system with TTC and others. We have, I think, recognition by the 22 municipalities within the GTA, and certainly the transit operators, that we need to address transportation on a broader regional scale than simply within Metro, within Durham or within any of the other regions, and are working very closely, in a spirit of co-operation, in getting

highway work done, and public transit undertaken and under way.

I think in connection with that you made reference to the SkyDome. You would be aware that there are between 12,500 and 17,500 parking spaces within one kilometre, I think, of the domed stadium, as well as some level of public transit, with more probably to come. GO Transit, of course, runs very close to the dome. You may be aware, by comparison, that BC Place in Vancouver in fact provided only 2,000 parking spots in a very similar kind of location to the dome's downtown location.

**Mr. Wiseman:** Excuse me. Could I just have the number of parking spots within one kilometre?

1550

**Hon. Mr. Fulton:** I stand to be corrected, but Gerry Johnston may know. I think it is 12,500 to 17,500; I am not quite sure.

**Mr. Johnston:** Something in that order.

**Hon. Mr. Fulton:** It is in that order. I must remind you, as you would be aware, it was Premier Davis who announced the location. You may wish to read his statement given at the time of the announcement of the location of the domed stadium.

**Mr. Hobbs:** In addition to transit and what parking is available in the immediate vicinity they are planning to make extensive use of shuttle buses to parking locations beyond the one kilometre, which is something that a lot of stadiums in other parts of North America utilize. That is basically what they did with Expo 86 in British Columbia. If you have very frequent shuttle service to these parking areas out beyond, they can carry a lot of people fairly efficiently.

**Hon. Mr. Fulton:** You made reference to parking requirements with respect to the Whitby extension; you referred to your colleague from Durham—

**Mr. Wiseman:** Indeed, and I believe that—

**Hon. Mr. Fulton:** Now I know that the member for Durham West (Mrs. Stoner) asked the same question that raised the issue a long time ago, but you asked a question on behalf of your colleague Mr. Cureatz. He was in attendance at that opening at which time we announced the number of available spaces, and I would stand corrected, for Mr. Smith might have the specific numbers, but it was in the range of 1,000 parking spaces available at Whitby, as I recall, with provision for about 500 more—something of that nature. That was announced on December 4, 1988 at the official opening of the service.



It is the sweet headache of success, the fact that the parking has been used almost to its maximum. But we were aware of that in advance and GO Transit has provided for expansion both at Whitby and Ajax. They have taken some of the load off Pickering, and I can speak as the local member that they have taken a lot off the load off Rouge Hill.

**Mr. Wiseman:** Was the announcement to go ahead with 500 parking spaces right away?

**Hon. Mr. Fulton:** There is provision for additional parking at both Whitby and Ajax.

**Mr. Wiseman:** What was the announcement on December 4, 1988?

**Hon. Mr. Fulton:** The announcement was, the number of spaces available then, and the provision for future expansion—

**Mr. Wiseman:** But no commitment for the 500 additional.

**Hon. Mr. Fulton:** Well, until the service got into operating revenue of its own we would not know what the demands would be. Now the demands are almost at peak so that in some future time Mr. Smith, the chairman, the deputy and I will be together and decide how much of that extra capacity needs to be brought into operation.

You mentioned expansion into Oshawa, and of course we have indicated clearly that studies and the environmental process are ongoing. There has been some ongoing discussion whether or not you take the lakeshore Canadian National route up into the city of Oshawa or the Canadian Pacific route in Saunders. As you would be aware, in a project of this magnitude there is substantial disruption in terms of construction, because if you go with the CP route you either go over or under the major highway, Highway 401.

There are a number of things that have to be dealt with there that are now being resolved. We are looking at how and when we can in fact effect an expansion. There are some property situations that the deputy may want to address. And most recently of all, in December I am told there has been in fact an objection launched under the Environmental Assessment Act, or under the environmental process, which obviously will have to be dealt with before any commitment of funds can be made. Perhaps I might ask the deputy to expand on that issue.

**Mr. Hobbs:** We have been in the process of completing the environmental assessment report which then has to go through the normal process, and that takes a number of months. If there are objections lodged, as you are aware, then there may be requirement for some type of hearing, so

it would be really difficult at this point to about timing.

There is something else that has also cropped up in the interim. On one of the alignments we were looking at there was a piece of property where Cadbury Schweppes Powell had a plant and wanted to expand. In order to expand that as opposed to moving their entire operation down to the United States, they indicated that it needed some of the land in one of the alignments. In order to retain that plant and the additional jobs in the area, we have gone back and GO Transit is making that land available.

As a result of that we are having to take a look at the environmental assessment and what we need to do, in terms of the alignment, to see if we can go forward or whether we are going to have to revise the report somewhat to take the change into account. This is something that cropped up very quickly and is another complication which has entered into the thing. These things happen and that is why it is really tough to pinpoint a date and say it is going to be January whatever it is.

We are in the process now of looking again at the environmental assessment report. It will be filed and go through the normal process. We are very much in the technical stages right now.

**Hon. Mr. Fulton:** You should be aware of the announcement we made in October 1988 wherein we committed some \$284 million to expand the overall GO system is right on target throughout the system, both on the Lakeshore line and Milton and Georgetown, the line your colleague the member for Markham (Mr. Cullen) particularly has an interest in; and budget, I might add. We are very proud of what we are achieving with GO Transit.

You asked about the status of the Urban Transportation Development Corp. I think it is probably one of the great success stories in the province. You may recall, back in the early days of this government, that when questions were being raised with respect to employment levels both in Kingston and particularly Thunder Bay the target figure then was about 450 employees. We were being asked to ensure the maintenance of staffing at those levels. When I was in Thunder Bay most recently I understand that it is up about 1,350 employees on five production lines.

Of course, the manufacturing of the intermediate capacity transit system equipment is in Kingston, but on the GO bilevel subway cars are doing work with places like Boston and Santa Clara, and a spinoff from Santa Clara is in Minneapolis. Tomorrow, in fact, is the formal delivery of GO bilevels to the state of Florida.



have initiatives. UTDC is the last and only order now in Thailand for in the order of \$2 billion worth of business: roughly a 50 per cent split between rolling stock and civil engineering. There is an extension proposed for the SkyTrain in Vancouver. Mr. Johnston and I were down in California in the summer and it appears that the city of Santa Clara would be interested in expanding its line to about 56 kilometres. As I mentioned, as a spinoff of that, the city of Minneapolis has actually borrowed our cars through Santa Clara to see how they operate within its system.

There are a number of other potential locations for business around the world, but I would think that, given the most recent GO train order of \$85 million, which we announced about a month ago in Thunder Bay, plus the ongoing work, where both GO and the Toronto Transit Commission and other—

Interjection.

**Hon. Mr. Fulton:** Oh, and the military truck order was about \$250 million in the initial go-around. That is a New Brunswick enterprise, as I recall. There are a number of other spinoffs; business is just multiplying.

**Mr. Wiseman:** It just bears out what I thought was a really good deal for the purchasers. But you did not tell us what the purchase price was, which seemed to be a real bargain. Now we know it was an exceptionally good bargain. I wonder whether they paid the money and if we have had any claims. I understand there was a commitment here, on the ones we had already sold, that if they had any claims we had to honour all or part of those claims.

**Hon. Mr. Fulton:** I will let the deputy carry some of that.

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**Mr. Hobbs:** What was sold were the assets of the company and they were sold for \$30 million. We got \$10 million in cash at the time of sale and the balance is held in a 20-year debenture, which is payable over a 10-year period. The debenture entitles the province to 25 per cent of the pretax profits of UTDC Inc. In addition, we hold 15 per cent of the shares of UTDC Inc., which entitles us to a further 15 per cent of the declared profits of UTDC Inc. We have \$10 million in hand and the \$20-million debenture. In addition to that, in 1987 we received a dividend cheque from UTDC Inc. for slightly over \$1 million; we have not determined what the figure will be for 1988.

**Mr. Wiseman:** Those debentures carried what kind of interest? Are they interest free?

**Mr. Hobbs:** No. They are tied in with the profits.

**Mr. Wiseman:** What we got back, really, was interest at 10 per cent or less than 10 per cent; five per cent interest if we got \$1 million on the \$20 million that we have invested.

**Mr. Hobbs:** I cannot give you a specific answer to this now. We can get back to you on that. It depends on the volume of work.

**Mr. Wiseman:** I just wanted to see what kind of deal it was.

**Mr. Hobbs:** If we get 25 per cent of the pretax profits, it depends on the amount of work and the profit levels attached to each project.

**Mr. Wiseman:** I know I agreed not to get into this, but the minister mentioned all the good things about UTDC—we know that—and all the sales it had throughout the world, and then we find that our percentage of the profit was \$1 million.

**Mr. Hobbs:** No. That was \$1 million—

**Mr. Wiseman:** If you have \$20 million invested, that would not be a very good investment for any of us around here.

**Mr. Chairman:** Perhaps we could save that debate for the regular rotation.

**Mr. Hobbs:** That was simply a \$1-million cheque for 1987.

**Hon. Mr. Fulton:** I guess, Mr. Chairman, if the member wanted bad news, the other side of it was when his federal colleagues did not place the rehabilitation of the Via Rail cars into Thunder Bay. That was the major down side: a \$790-million loss of business there. In fact, we are doing a couple of cars in Napanee for—

**Mr. Wiseman:** If I ever get out of this business, I would not mind making a deal with you guys, because it looks like a pretty good business deal.

**Mr. Black:** We fared better in that one than we did in Minaki Lodge.

**Mr. Wiseman:** It makes Minaki Lodge look good. Anyway, I am sorry.

**Hon. Mr. Fulton:** You say our deal makes Minaki Lodge look good?

**Mr. Wiseman:** This UTDC deal.

**Mr. Chairman:** Don't go for the bait, Minister.

**Hon. Mr. Fulton:** You mentioned the issue of the Pearson International Airport, which has been the subject of a number of questions around here and was subject to extensive newspaper coverage, particularly in December. You will be

aware that it is a federal responsibility, as are 27 other airports in Ontario. Our interest, among other things of course, is the development of the regional carriers, and to some extent the offloading of Pearson with respect to the potential development for Mount Hope in Hamilton; perhaps additional traffic in and out of the Island Airport; perhaps the use of Buttonville.

I suppose most important is getting an overall strategy from the federal government, which as a result of the National Transportation Act has announced the potential to sell a number of airport facilities across the country; to explore issues like what is going to happen with Pickering, which has been hanging around for some 16 or 17 years. Are they going to expand Pearson? Are they going to work with us to extend public transit into the airport? What can we do in the interests of facilitating and maintaining the Pearson airport in Toronto as a desirable place to come?

You will be aware that one of the major convention organizations, people who sell conventions, decided not to come to Metropolitan Toronto. As stated in the press, it was because of the airport that they decided not to come to Toronto. As a city that thrives on conventions and has so much to offer, we feel there is a responsibility on the part of the federal government to respond to that kind of criticism.

I will not get into the related safety issues that you raised yesterday but will only tell you the deputy is in fact meeting with his federal counterpart in the very near future. The federal minister, Mr. Bouchard, as you are aware, is recovering from major surgery, and while he had hoped to be in Toronto this month, it is unlikely. But at the earliest possible date we will be meeting with Mr. Bouchard or his delegate to discuss matters of mutual interest with respect to passenger air service in and out of Pearson and the other stated locations as well as general aviation, which is of some concern to a number of people; and certainly the charter traffic, which had at one time been targeted for Mount Hope. People like Nationair are operating from there. There are a number of issues there that are not within our provincial jurisdiction.

**Mr. Wiseman:** I said yesterday that it was not, but I felt that, as the minister, you should be having the ongoing meetings until these things were all settled. You mentioned the deputy will be meeting.

**Hon. Mr. Fulton:** I should tell you that in April 1987 we wrote to his predecessor, Mr. Crosbie, and outlined our concerns with the

growing traffic in and out of Pearson International Airport, urging the federal government to address a number of those issues that have been currently talked about, whether air controllers or other issues. We brought this to the attention in April 1987. I would be quite happy to provide you with a copy of that letter. It is something we have only recently become aware of.

**Mr. Wiseman:** They have started on term 3 but whether that will—I felt that, as the Minister of Transportation, you should be following up on behalf of all of us Ontarians who use it. I see you have the deputy earmarked to do that. I hope that when your federal counterpart recovers, you have dialogue with him too, because it is important to everyone who uses it.

**Hon. Mr. Fulton:** Very much so. We had a meeting with Mr. Bouchard in Halifax in September. There was a brief meeting before the Roads and Transportation Association of Canada conference. Among other issues we did touch on Pearson, but unfortunately, because of illness—and I wish him well—he simply has not been available. As I have indicated, Mr. Hobbie is meeting with Mr. Shortliffe tomorrow. I said the near future; in fact that meeting is tomorrow.

You mentioned the use of seatbelts, as others have, and we are aware of the enforcement problem. We have something in the range of 60 per cent use of seatbelts in the province. We do not believe that is high enough. Your government, to its credit, introduced seatbelts in 1971-1976, but the compliance level has dropped somewhat. It is a question of public education and public attitude and enforcement.

I can assure you that with the various measures available to us, and in co-operation with both the Ministry of the Solicitor General and the Ministry of the Attorney General, we are doing everything we can to try to increase the level of seatbelt use.

**Mr. Wiseman:** My main concern on that is school buses.

**Hon. Mr. Fulton:** That is the next point; yes, we had both. With respect to school buses, this issue has been ongoing for some length of time. The federal Department of Transport has been testing various and sundry alternatives, whether you use a lap belt or you use the three-point shoulder harness and so on.

Statistically, I think with one exception it stands to be corrected; Mr. Smith who has some background in here, but he has no responsibility for it now—the vast majority of fatalities involving school buses in fact happen after the per-



vers the bus, for one thing. Most often, a bus accident involves a side collision. The bus drivers are very good and very responsible. In most cases of their own liability or their own responsibility for accidents, it is very low.

You will be aware that school buses are being tested federally. I think there are two particular types of buses now in thorough testing. My memory suggests they are actually in the United States, but they are being done partially on behalf of the Department of Transport, if my memory serves me correctly.

10

But school bus interior configuration also makes it difficult to install the shoulder harness, because there is nothing to affix the harness. School bus seats are very close together, like a highway coach or a similar vehicle. There are a number of built-in safety provisions within the school bus. If you have those restraining devices, there is also the question of installation of them and the care and control the operator can effect with the people in the school buses. There is a range of testing going on which is aimed at the ultimate in safety for children riding school buses.

**Mr. Hobbs:** It may be a combination of design and restraints, because as the minister was saying, with the current design of most of the seats out there, with the hard seats, what they have discovered in a lot of tests is that the simple use of the lap seatbelt does not prevent the head from going forward and hitting the seat in front. In some ways, there can be a lot more serious problems resulting from that. If you cannot get the shoulder harness on the outside seats in terms of the current design, that causes some real problems.

They looked at all sorts of things ranging from having all the seats facing backwards through looking at different types of restraint, but as the minister said there is a very active program which is under way right now trying to find something that is reliable and which does not have the effects of some things like the simple lap seatbelt.

**Mr. Chairman:** Why do you allow so much metal in them?

**Mr. Hobbs:** This is what I am saying. It is maybe a question of design as well as a question of just the restraint system.

**Hon. Mr. Fulton:** In one of most recent I rode in, the only hard surface left was the handle grip on the aisle side of the seat. Every hard surface

had been removed totally from the backs of the seats.

**Mr. Wiseman:** I think the chairman and I are used to the old type that have the metal on the walls.

**Hon. Mr. Fulton:** You raised the question of the district facility at 5000 Yonge Street being relocated in Downsview. Perhaps as a former Minister of Government Services you will recollect that the intent was never to stay there. You might want to fill in, Mr. Hobbs.

There was some question of redevelopment of that land in co-operation with the city of North York and other interests, but it was never intended to be a long-term facility for the district. While there is some benefit to having access directly to the north-south Yonge Street subway line, there is also some benefit to having everybody housed in the same complex at Downsview.

With the modern hardware we now have it is not as necessary as it used to be to have people driving back and forth. You can pick up a phone and do things through the wires and do pictures on screens and all that sort of thing. That kind of hardware is helping to reduce travel, and it is certainly our intention to continue that kind of reduction, the point you brought forward yesterday.

**Mr. Wiseman:** It is not your ministry, but I hope Government Services did not give the land to Mel.

**Mr. Hobbs:** It is part of the redevelopment of North York, not necessarily just the city of North York but part of the redevelopment of that whole area which is under intensive development right now. The amount of land that has been available and unused in the Downsview complex, as you are aware, is quite a considerable amount of land. To better utilize the land we have at Downsview without moving people too far was the basic rationale.

**Hon. Mr. Fulton:** The other issue you raised yesterday—I think we answered it largely—was the abandonment of railways. As a lead ministry, we are working with other interested parties, particularly the Ministry of Tourism and Recreation, to develop some policy. I think we actually answered that, as I recall, yesterday.

The last question you asked was with respect to the Arnprior airport. You will recall that you were present when we made the announcement of in excess of \$1 million to provide for the extension of runway and certain other services. I think your question yesterday related to over-



spending. I am advised that is not correct, that the project was within the budget.

**Mr. Wiseman:** The last time I was talking to them, they were looking at another \$50,000 overrun at the airport.

**Hon. Mr. Fulton:** Everybody is looking for more money but that is not the information I have. That is incorrect.

**Mr. Wiseman:** That is good.

**Hon. Mr. Fulton:** Those are all the questions.

**Mr. Wiseman:** Will we do Mr. Morin-Strom's and then maybe any questions we might have?

**Mr. Dietsch:** I want you to know that the committee is made up of more than two members.

**Mr. Wiseman:** I realize that.

**Mr. Dietsch:** Try to restrain yourselves.

**Mr. Wiseman:** We are fair fellows. Sometimes it is hard to constrain.

**Mr. Dietsch:** We do.

**Mr. Chairman:** Okay. We are moving now to the minister's response to Mr. Morin-Strom's critique.

**Mr. Dietsch:** It is nice to see Mr. Morin-Strom off his feet.

**Mr. Morin-Strom:** Sorry I was delayed. I was making an address in the House on a bill this afternoon and I could not make it back quite by 3:30.

Interjection.

**Mr. Chairman:** In order to give the government members some time, we better get on with dealing with Mr. Morin-Strom.

**Hon. Mr. Fulton:** I think your first question was with respect to the highways budget in northern Ontario being within the Ministry of Northern Development and Mines. That has been in that budget for as long as that ministry has existed, which I am advised is well in excess of 10 years, perhaps closer to 20 years. The chairman, who has been around here a long time, might be able to clarify, but it has been in that budget for a long, long time. It was moved from perhaps even the Department of Highways.

**Mr. Morin-Strom:** I wonder if Leo Bernier had something to do with that.

**Hon. Mr. Fulton:** You may want to ask your chairman. He probably would be able to clarify that, but I suspect you are on the right track.

**Mr. Chairman:** The member for Sault Ste. Marie is correct. Mr. Hobbs had something to do with that too.

**Hon. Mr. Fulton:** Certainly there is a benefit to that ministry having a very defined role in an important presence within the decision-making process within the confines of northern Ontario. Otherwise, if the budget were transferred back and forth, suppose, wearing one hat, it would not be too difficult to discredit to have an enlarged budget and an enlarged mandate, but in fact northern Ontario competes within northern Ontario for highway budgets as opposed to competing against the entire provincial highways budget.

**Mr. Morin-Strom:** But the way it is now is to be taking money from other northern Ontario concerns. I just raise it as something that should be considered in terms of northern interests.

**Mr. Hobbs:** Mr. Morin-Strom, having been the deputy there for four years, I would like to comment that there was never anything that was really taken away from other areas of the budget. It has been retained in Northern Development and Mines as a very discrete budget item. In fact, during the days with the constraints against the Ministry of Transportation and Communications, budgets in the early 1980s, that budget was protected by having been there. It was not reduced; in fact there were some increases. As a result of specific northern initiatives over the past three years, it has gone from around \$60 million to over \$90 million, which is a pretty significant increase. In terms of logic, you may be correct but that is sort of the history of what has happened.

**Hon. Mr. Fulton:** For the benefit of a member for Sault Ste. Marie, I have the northern highways construction project for 1988-1989 which is just about as thick as the one for southern Ontario, and I would be happy to provide it to you.

1620

**Mr. Morin-Strom:** Thank you. Is it not a portion of the larger book? There is a section for northern, but it is not as detailed as this?

**Mr. Hobbs:** No, there is a combined package of southern and northern, but that is simply giving you the bulk.

**Mr. Morin-Strom:** This is the same as the northern portion of that combined one.

**Mr. Hobbs:** Yes.

**Mr. Morin-Strom:** Thanks for the extra copy.

**Hon. Mr. Fulton:** You are welcome.

**Mr. Black:** I just want to point out that the one for central Ontario is on a postage stamp.

**on. Mr. Fulton:** The member's second question related to a very important subject, the planing of Highway 17. Because I would like to add into the record a specific statement with respect to that particular and very important issue, I wonder if I could defer and come back to

**Ir. Chairman:** Yes, good idea.

**on. Mr. Fulton:** You were asking with respect to comparative trends of the accidents and you were reading from our 1987 statistical analysis. We will provide you, as soon as we have available for our own use, any further state of that report.

You were specifically quoting from pages 14, 24 and 25, and I do not have a complete breakdown of details, but there has been one sharp bump of fatalities over roughly the last two years, and that concerns us. We want to see a bump in a downward curve.

You mentioned the apparent increase of the numbers of accidents, but I think if you judge the number—

**Mr. Morin-Strom:** My mention was on the local province, as opposed to the discussion before the meeting.

**Hon. Mr. Fulton:** You had questions on certain pages and I am just responding in a general way. I think if you reflect on the number of increased vehicles, first of all, and the number of increased kilometres driven per year, as provided by various sources, you probably will find in fact a reduced number of reportable accidents.

As we have further information with respect to that issue, which we consider paramount within this ministry, I would be more than pleased to provide it to you, either while we are still here in committee, which is unlikely, or at the earliest possible date, and we will avail our staff to you at any time with respect to further questions you may have.

I wonder also if we can come back to the issue of overloading trucks, because I think on the whole question of axle weights and the reference you made yesterday to the northwestern agreement that Mrs. Kelch has worked out with the log haulers versus your question, which I think reflected on the northeast, there are a number of variables there.

An entirely different type of log hauling exists in the northwest. Generally, they are placed on the truck in a horizontal manner. They are normally 100 inches in length, and there is a problem with compression. In northeastern Ontario, they are usually running the length of

the truck in varying lengths and weights, and there is really quite a difference in the two industries.

Of course, the issue is to resolve a long-standing problem of safety, in particular in northwestern Ontario, with logs simply coming off the trucks as missiles because there is virtually no way known yet to compress the load in the same way you can with, say, five three-foot-diameter logs that you would more commonly see in the northeast. That is a real issue up there.

There have been any number of overweight problems and distance problems and a lot of other issues that had to be dealt with, so Mrs. Kelch has managed to achieve, I think, a very substantial breakthrough with respect to the industry policing itself. I am advised, and Mrs. Kelch may wish to expand on it or you may wish her to expand on it, there is a substantial decrease in the number of instances that are occurring in that particular part of Ontario.

**Mr. Hobbs:** I would also add that in terms of there being some appearance of discrimination, what we are doing in northwestern Ontario, in addition to the fact that the problems have been greater and the nature of the operation is different, is that this is very much still a pilot. The potential of looking at what might be done in the northeast could well come into play after we take a look at the results of this, but it is very much at this point still a pilot type of project. We hope it is going to be successful and it has been pretty positive so far, but there are still a lot of hitches that have to be worked out on this thing.

**Hon. Mr. Fulton:** You asked about the bridge and pavement wear caused by overloaded trucks. Without attempting to go into a great deal of detail here, I perhaps could offer you the most recent Roads and Transportation Association of Canada study with respect to weights and dimensions of vehicles, which was provided to us last September in Halifax, and let you peruse that at your leisure. Again, we will make staff available to you as you require.

**Mr. Morin-Strom:** Okay.

**Hon. Mr. Fulton:** It is a \$3-million study that was undertaken across the country.

**Mr. Hobbs:** It deals with weights, dimensions and a whole bunch of things, but it does touch in part on the thing. It is the most extensive assessment of the type that has been done so far.

**Hon. Mr. Fulton:** You raised the question of axle weight legislation back in the 1970s. It is an issue that, again, Mrs. Kelch and her staff are

wrestling with. We are working very closely with various interested parties with respect to that area of concern.

I wanted to tell you and the members present that we are appointing our parliamentary assistant, Mr. McGuigan, to act on behalf of my office to help the ministry staff deal with that industry, which has been an ongoing problem for years. Mr. McGuigan has extensive background experience in the whole issue of the nature of the products and materials carried, which are really at issue here. We have asked him to take that on as a very important and special project. We share the concern of the industry in the problems created by the axle overweight.

As we have moved very dramatically in reducing the issues of the northwest log haulers, perhaps with the same kind of spirit of co-operation, effort and energy, we can resolve the issue of the axle weights.

Your next question really was the same, I think. You had a question on the Truck Transportation Act, but I am really not quite sure what it was. I think we can move on. Is that a good idea, Mr. Chairman?

**Mr. Chairman:** When in doubt, move on.

**Mr. Morin-Strom:** You have to ask that.

**Hon. Mr. Fulton:** Your next question dealt with Pearson International Airport, and I suggest that my previous answer to Mr. Wiseman would suffice.

**Mr. Morin-Strom:** I asked about the rail sector.

**Hon. Mr. Fulton:** I am not sure I have got that far yet.

**Mr. Morin-Strom:** It was after that.

**Hon. Mr. Fulton:** I am sorry you were not here at the beginning, but I indicated I would attempt to answer in the order that the questions were asked as best I could, with some reservations.

**Mr. Morin-Strom:** I thought you omitted it, because I see you have past page 39, which was my rail abandonment question, and you are now up to page 42.

**Hon. Mr. Fulton:** It is marked here. I skipped over that. I did answer the same question. Mr. Wiseman also asked that question. The answer was given yesterday and paraphrased here today that we share that concern of the railway abandonment.

**Mr. Morin-Strom:** I had asked specifically. You said many more are expected to be

abandoned. I asked which ones are expected to be abandoned.

**Hon. Mr. Fulton:** As a matter of fact, Mr. Chairman, you may recall yesterday I asked you if I could ask you a question following yesterday's proceedings. You have just reminded me of what the question is, if I could be allowed today. I would provide the answer for you Monday, if that is okay. It is just a question procedure.

**Mr. Chairman:** All right.

**Hon. Mr. Fulton:** The question of abandonment was answered in terms of Ministry of Transportation and the Ministry of Tourism and Recreation, dealing with what is before us. I will, as I said, respond to you later that is all right, on the future.

You had asked a question—frankly, I do not have the detail of it—with respect to the provision of transportation for the physically disabled. I went through some detail in our statement yesterday. If you have a question, perhaps you would ask it again in the next few minutes.

1630

**Mr. Morin-Strom:** So we are skipping over the air transport again?

**Hon. Mr. Fulton:** I answered it at some length earlier. Your question was with respect to Pearson and—

**Mr. Morin-Strom:** You talked about development of a strategy which included Pearson International Airport but also Hamilton Buttonville and Toronto Island Airport. I was wondering what the strategy is with respect to those other airports.

**Hon. Mr. Fulton:** I do not know whether you were here when I answered that question just a short while ago.

**Mr. Morin-Strom:** I think so, but you kind of gave a generic thing that did not say anything. You did not give anything specific in terms of what the strategy was. Are you planning to—

**Hon. Mr. Fulton:** They are federally operated airports. I indicated that the deputy is meeting the federal deputy tomorrow, and that we would be dealing with the federal minister as soon as he is physically able to meet with us.

**Mr. Chairman:** Perhaps a report back to the committee on Monday would be helpful, Mr. Morin-Strom. Would that be possible?

**Hon. Mr. Fulton:** I should say, in fairness, that the meeting tomorrow with the two deputies is not specifically to deal with this issue at all. It was set up for other reasons, but—



**Mr. Morin-Strom:** I am concerned about whether you plan to divert private planes to these other airports or commercial services. If it is commercial services, what commercial services?

**Mr. Hobbs:** You talk about a strategy. The minister put forward some proposals for the federal government to take a look at specifically with respect to Pearson for dealing with the problems they have there, including looking at the potential for runway expansion and that type of thing.

In terms of a strategy for the broader area, we have been pushing the federal government to come up with a strategy which will accommodate the long-term air needs in the area, taking a look not just at Pearson, but at the utilization of the land airport; Buttonville, which is in private hands right now; and Hamilton—whether they want to bring Pickering to the table, we are not certain—trying to get a coherent plan on the part of the federal government for dealing with these. A lot of it is of particular importance to the province in terms of what happens here, but there are also major implications in terms of access, which has to be provided by us to some extent in terms of some of these things.

Really, what we are pushing the federal government for is to come up with some kind of strategy which is going to get around the problems we have right now and is going to provide for long-term needs, so that people know where things are going in the future.

But in regard particularly to your point yesterday about people from the north being diverted to a particular airport facility outside of Pearson, that has never been on the table in any discussion I have ever been involved in. The only kind of dedicated use you get is for putting general aviation out of Pearson and into some other air facility, or of putting more charter flights into one of the airports in the area to take some of the pressure, or even air cargo. But there has never been any talk that the northerners go out to Pickering and everybody else goes to Pearson. I am not aware of—

**Mr. Morin-Strom:** Well, obviously Hamilton has talked about that as a community. The way you had expressed it, I am just expressing some concern. At the time, back in December when this thing was raised, I believe you presented a package of things you thought the federal government should be pursuing to relieve the pressure on Pearson.

**Hon. Mr. Fulton:** Yes.

**Mr. Morin-Strom:** I remember the list of proposals you had being reported in the press. I

do not recall seeing that release myself. Generally, the list looked very reasonable. I thought maybe we could see what it was that you have been discussing with the federal government in terms of the kinds of things you might have been proposing.

**Hon. Mr. Fulton:** One of the issues with respect to Hamilton, or Mount Hope, is that there is a dramatic underutilization of its capacity over there. There had been a fair initiative from the industry itself to move charter flights. I think there were a couple flying into Buffalo and Newark—I cannot remember the names. I understand Nationair, which flies, among other places, to the south Caribbean, is operating out of there.

The people in Hamilton-Wentworth and the operators of the airport would encourage whatever additional use they could get, but we are not suggesting and have never suggested that somebody from point A in Ontario must go over there. Certainly, there is a capacity problem at Pearson and there is a capacity underutilization at Mount Hope, and surely something can be worked out in the interests of both the air passengers and the cargo and freight, and the general aviation industry.

**Mr. Hobbs:** It was more along the line of that sectoral type of business, rather than any sort of geographic point of origin.

**Hon. Mr. Fulton:** As I recall, I think Mount Hope can handle about 600 passengers an hour without any difficulty and it is handling about 800 a day, so there is a tremendous—

**Mr. Morin-Strom:** The minister is well aware that there was this special section agreed to, I recall 302 or something, for flights over 300 miles or 300 kilometres.

In terms of when the bottlenecks occur, flights over a certain distance automatically accessed landing rights in Toronto; flights under a certain limit were the ones that were being backlogged. The result was that in December, it was flights under a certain distance that were taking the bulk of the penalty in terms of delays and flight cancellations. In effect, the flights that were being penalized were the inter-Ontario flights. I think perhaps the only other significant destination that was under that distance limit was Toronto to Montreal.

I think you have a very important responsibility in terms of transportation inter-Ontario, as the Minister of Transportation.

**Hon. Mr. Fulton:** We recognize that.

**Mr. Morin-Strom:** It means that for those flights coming in from Kingston and Ottawa,

from southwestern Ontario and from northern Ontario into Toronto, I think you have some additional responsibility for ensuring that we have ongoing service in the commercial sector inter-Ontario and for representing the interests of Ontario in those discussions with the federal government in protecting those travellers within the province.

**Hon. Mr. Fulton:** I think it is important you understand that we recognize that responsibility and those issues and that is why we wrote to the federal Minister of Transport almost two years ago to raise those very issues.

**Mr. Chairman:** I do not want to interrupt the debate here unfairly, but there was an agreement—I do not think you were here, Mr. Morin-Strom, when we started—that we wanted the minister to respond right through to the two opposition critics and then we would start the rotation.

**Hon. Mr. Fulton:** Those are all of the questions I have made notes of. There may be others and we would attempt to address those for the member for Sault Ste. Marie.

**Mr. Chairman:** When we adjourned yesterday, other members had put questions in the hope they could be responded to today as well. I think it would be appropriate now if we could deal with those in the order in which they were put to you, so that we could get those and then we would go back to our rotation. Is that okay?

**Hon. Mr. Fulton:** Sure. I do not know which one went first—Mr. Dietsch, Mrs. Stoner, Mr. Black or Mr. Tatham.

**Mr. Black:** I got part of my answer.

1640

**Hon. Mr. Fulton:** I will start. Your first question had to do with the four-laning of Highway 11 and Highway 69. Of course, the Callander bypass on Highway 11 was opened to traffic about a year ago and four-laned from south to north to Huntsville, so you are really talking about that remaining 40-mile stretch, I think it is. I think there is provision for another one or two passing-lane possibilities to assist with that. I am advised there is actually some preliminary design of the additional passing lanes.

With respect to Highway 69, you would be aware that there has been work under way through Port Severn and Waubashene, up through that area, for quite some time, and certainly we are very aware of the conditions and the incidence of accidents. With respect to Parry Sound, you will be aware we are meeting with you and others tomorrow with respect to the

four-laning around Parry Sound. We are anxious to get on with those works.

There is a tremendous argument, as you are aware, on whether Highway 69 should not have priority ahead of Highway 11. It depends on whether you live in North Bay or in Sudbury, do business in either of those locations. We are very anxious to move ahead with those two programs. I would like to have the deputy give you some of the realities. I think we are looking at something like \$600 million, as I recall, from the combined effort of those two jobs, but there are a number of problems with respect to getting around MacTier and entirely relocating and rebuilding the entire Highway 69. Neither one something that is going to be completed in the very near future, but I will ask David Hobbs to comment.

**Mr. Hobbs:** In terms of Highway 11, we are looking right now at the route alignment that we would utilize for a four-lane section between Huntsville and the Callander bypass. We are looking at what kind of property requirements there would be. In other words, we are doing a lot of the initial assessment work for four-laning, but until we get the route alignment finished and determine precisely where we are going to go in terms of property, it is tough to get at any sort of detailed engineering design or to put it on the program.

We are actively working on the preliminary stages of what is required for four-laning between Huntsville and North Bay. Obviously, after that, there is the question of—it is around \$100-million to \$120-million effort, as I recall, working that in in terms of our budget priorities. But it is not something that is on the shelf. The initial stages are being actively pursued.

On Highway 69, we are talking about a lot more money because of the extent. We are looking at somewhere between \$500 million to \$700 million for the four-laning all the way to Sudbury. What we are doing is completing, as the minister indicated, the four-laning through Waubashene where you have the narrow structures that are a real bottleneck, and getting beyond there, dealing with the bypass at Parry Sound, then progressively moving in terms of the Waubashene section through to Parry Sound.

I met with the Deputy Minister of Northern Development and Mines today, and we will be looking at what we can do to accelerate the number of passing lanes north of Parry Sound, even in addition to the ones we have currently scheduled, to try to take some of the pressure off



til we get the southern portion finished and we can move into doing the design.

As the minister indicated, given the nature of the terrain, we may well need some totally new alignments for four-laning Highway 69 north of here. That is another thing we are looking at right now, the degree to which we can utilize the existing Highway 69 and those areas where we may have to seek a totally new alignment. There are some funny areas in there in terms of the topography.

**Mr. Black:** Do you have any forecasts of your long-term planning?

**Mr. Hobbs:** All I can say right now is that we are going to be actively working at the southern end. That is already programmed, as is the bypass. A lot of it will depend on the degree to which we have to go to a new alignment. As a result of that, it is very tough to put time frames. Also, you are looking at a very significant expenditure. Again, it is something we are actively working on. We are confident, if we can get a lot more passing lanes to the north of Parry Sound, that we can take a lot of the pressure off from the standpoint of safety.

This is totally an aside, but you might be interested to know that recently we carried out an extensive study of what we call Highway 69 and Highway 11 as economic corridors, in terms of not just the volume of vehicles and the accident rates but what moves through the corridors, what the nature of the economy through there and the degree to which Sudbury and North Bay industry utilizes these things. We did some very extensive surveys of shippers and trucking companies operating out of both Sudbury and North Bay.

In both cities, shippers and the trucking companies listed their number one transportation problem as congestion in and around Toronto, which quite surprised us. That is not to say they did not indicate a desire to have better conditions, particularly on Highway 69, but in terms of doing their business they listed congestion in and around Toronto as their number one transportation problem.

**Hon. Mr. Fulton:** The other question you asked, Mr. Black, was the issue you and I actually discussed when we took the tour, the formula for funding and if any kind of special consideration is necessary or could be considered as your engineers and our district engineer met. I have to pursue this with appropriate staff. We do not have a detailed analysis or answer for you, but I was impressed with their arguments at the

time they were made a short while ago. I would be prepared to get back to you.

**Mr. Black:** We are looking at it.

**Hon. Mr. Fulton:** We are looking at it for you.

Mr. Dietsch asked about the use of passing lanes. I presume that had to do primarily with the Queen Elizabeth Way or the province generally? There are a number in existence. We continue to—

**Mr. Dietsch:** The one I am familiar with is the Queen Elizabeth Way. It has happened frequently on Highway 401 as well, but more particularly the Queen Elizabeth Way as an area I travel very often. I think that is of a serious nature.

**Hon. Mr. Fulton:** It is actually the use of the outside lane as opposed to the passing lanes we were talking about with respect to Highway 11 or Highway 69.

**Mr. Dietsch:** It is the use of the third lane that is normally used for passing.

**Hon. Mr. Fulton:** This is an issue we are discussing with our safety and regulations staff with respect to drivers' knowledge of the rules of the road and their attitude towards those rules of the road and with respect to some question of enforcement. People need to re-examine their driving habits and understand that the passing lane is a passing lane, not a lane to be used for continuous movement along the road. When you have passed a car, you should move over to the next lane to the right in a multilane road and maintain a reasonable and safe speed within the speed limit.

It is a growing problem, particularly since the advent of a number of multilane highways, particularly with widenings on the Queen Elizabeth Way and Highway 401, that sort of thing. We are working very actively. In fact, we are in the middle, or perhaps past the middle, of a complete review of those kinds of highway safety initiatives and what our staff can do in conjunction with other related ministries, driver education classes and so on with respect to revisiting the whole issue of driver attitudes, the knowledge of the driver on the road and what his responsibilities are.

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Other ministries are involved and a large number of our staff is involved with respect to that and other related issues. It is one we consider of real concern. There is also the question of overhead signing that one of your colleagues from Niagara Falls raised. The issue of signing with respect to the use of that passing lane is



something else we are actively and currently looking at.

**Mr. Hobbs:** In the area you are talking about, there is no question that some of this is related to volumes of traffic, to people getting frustrated with the speed at which people are moving in the shoulder lane. Again, in terms of the Queen Elizabeth Way, particularly beyond Hamilton, we are looking at the initial stages of what it will take to add additional lanes right through that whole section. That is something we hope we will be able to get to in the 1990s.

You know the sort of cable median we have in there and what-have-you, which is very difficult to maintain, plus the volumes. We have already begun looking at the preliminary steps of adding lanes in both directions through that entire area.

**Mr. Dietsch:** I think the Queen Elizabeth Way between St. Catharines and Hamilton has a program that has started with respect to widening for a third lane. The part between Hamilton and the new skyway and Toronto is the area that is predominantly bad for traffic driving in the third lane. I am not sure if it is the appropriate title that you use it as a passing lane. Is it the appropriate title?

**Mr. Hobbs:** It is supposed to be.

**Mr. Dietsch:** That was my understanding, because trucks are not allowed in that third lane. It is used more for passing of smaller vehicles than trucks. From my frequency of travelling that road, I am aware they are not using it in the appropriate fashion.

**Mr. Hobbs:** I do not think any of us would quarrel with that at all. Enforcement of these things is a problem. In addition, as the minister was indicating, attitudes and education are going to have to play a part in it as well.

**Mr. Dietsch:** I guess the thought that brings it more in focus was in relationship to your presentation to the committee. It was not mentioned as part of the thing you promote for driver safety and driver awareness. It was not listed and that is the thing that brings it more focused to mind.

**Hon. Mr. Fulton:** As I think I indicated, it is part of our overall review. There may have been some certain details, as important as they may be, that were not particularly stated more fully yesterday in my statement, if that is what you are referring to. There are a number of areas, as the deputy has indicated and as I indicated earlier, of course, that we are very concerned about. It is a growing problem as we expand the highway

system. As you add that second or third lane your problem multiplies.

**Mr. Dietsch:** Maybe your next answer with respect to GO Transit will relate to that widening as well. In my view, it is perhaps an area of alleviation of the magnitude of traffic that use that highway between those two points. Every one, for some reason or other, seems to want to get into Toronto. I am not sure why. I went through a lot of perseverance to get here.

**Hon. Mr. Fulton:** It must show how effectively and substantial our transportation network is because it seems that everybody does manage to get in and out of Toronto.

With respect to the next question you posed which I am going to answer, on the GO extension, I think I have indicated to you in other forums that there are no immediate plans to extend service into Stoney Creek. As you are aware, we currently have three trains a day in and out of Hamilton. As previously mentioned with respect to the 1985 announcement, our current plan for the extension of the lakeshore line includes full service into Burlington by 1991 and we are moving in that direction. Just recently, in September or October, we opened the Appleby station and so on. We are certain on schedule and expect to meet those targets.

There are 200 GO buses a day on the highway. That is 100 in each direction. The majority of people coming in by GO service from the Hamilton area are taking the buses. You should be aware there is some debate within the city, the region and certain municipalities. Certain public officials have various views on whether the Toronto, Hamilton and Buffalo station should be used versus the CN station. We have our view but that has not been totally resolved.

Depending on the level of service, it affects the capital investment in the T, H and B station. Whether the tunnel is sufficient to handle the upper limit of the frequency of trains. Of course there is the whole question of how many are necessary.

Certainly, we are moving in the direction of expanding service into Hamilton. I think we have indicated that. We are on schedule into Oakville, Burlington and so on. There is no reason to suggest otherwise. Our intention is to maintain that level of service which is there now over the next period of time and determine whether additional service is required and finalize where the destination would be in the city of Hamilton, the T, H and B or the CN.

One of the concerns raised by yourself and others in Stoney Creek was that if you go to T,

and B, could service be extended around the lake to Stoney Creek? I understand there are some operational difficulties, but they could be overcome. There is one lobby that suggests the CN route would more easily facilitate a further extension of GO's operation, but that question has not been finally resolved. Our staff is very actively working on it with GO Transit, and GO Transit and our staff are working in co-operation with the Hamilton-Wentworth regional folks, with Mayor Napper, yourself and a number of other people to see what the alternative extension could be.

**Mr. Dietsch:** You and I have talked about this on a number of occasions.

**Hon. Mr. Fulton:** Quite a number, actually.

**Mr. Dietsch:** I appreciate the fact that you recognize my persistence on this point. I feel quite strongly that it will help to alleviate some of the overloading, if you will, or overtravelled portion of highway. I recognize it as a possible solution. I recognize also the difficulties you are faced with in terms of limited dollars and how they are spent, but I want to remind you at every opportunity of its importance.

**Hon. Mr. Fulton:** For the purpose of members present and the record, I would say you have indeed been very persistent in pushing for expanded transit and other transportation needs for your riding and I commend you for that.

We are very cognizant of the offloading, if you like, from a highway situation to rail. A fully loaded GO train with 2,200 or 2,400 passengers, if it is a 10-car train, is the equivalent of one full hour of rush hour on a multilane facility. It is one kilometre or one mile of highway use per hour. There is a very definite relationship between the downsizing of the use of the highway versus the impact of increased use of rail. We are very aware of that and are looking keenly to see whether or not there is any substantial reduction in the volumes of traffic coming in from the region of Durham, where we have extended GO service and are about to expand the highway. We will deal with that momentarily.

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**Mr. Tatham:** You are going to close the highway down—

**Hon. Mr. Fulton:** Mr. Tatham, you go fight with Norah Stoner and the winner comes back and asks the next question.

**Mr. Hobbs:** Beyond that, there is a broader question about the role and the scope of the functions of GO Transit rail services in the future. We sometimes get the indication that the

federal government would love to have the province pick up an awful lot of the passenger services in southern Ontario. GO was originally intended to provide commuter service. What used to be considered intercity not very long ago, between Toronto and Hamilton and Toronto and Oshawa, is now defined as commuter. We are constantly getting requests to extend GO services into the Niagara Peninsula, to Cambridge, to various points throughout the province. There is a broader question out there as to just what is going to be the scope of the GO rail operations in the future.

**Mr. Dietsch:** Along with myself, who commutes very regularly from Niagara-on-the-Lake, there are even a number of people in that community who commute back and forth. There is extensive commuting traffic in the peninsula that is coming down. I recognize it has to be extended to Stoney Creek before it can come into the peninsula.

Also, at the same time, I think it helps to alleviate the traffic at that point because the real bottleneck in traffic is, as I say, from the Burlington Bay Skyway bridge into Toronto, those three lanes, where you have Hamilton, Stoney Creek and the Niagara Peninsula all meeting at one point and then coming forward.

**Hon. Mr. Fulton:** You further asked with respect to the question of salt versus calcium magnesium acetate. We did deal with that question.

**Mr. Dietsch:** I heard the answer, but it is something I think we should keep pursuing in terms of experimental points. I believe the figure you used was 10 times as expensive as salt. I am not sure it has 10 times the cost calculated to it when you use corn as opposed to salt. I am talking in terms of the corrosion caused to bridges and vehicles, etc.

**Hon. Mr. Fulton:** One of the problems, as I mentioned earlier, is really the availability of supply among other things. The capacity of the plant—which I think is out in Arizona or somewhere out there; it is out in the Midwest somewhere—is substantial but very limited when you talk about what they are doing with other customers and then trying to supply an organization the size of ours. We are very conscious of the issue of salt and the residual wear on our structures and on vehicles and clothing and all the other things.

Our staff continually do research and experimentation with any number of issues, whether it is fuel, pavement management, asphalt, styles and types and all that stuff. It seems to me that



last year we conducted two experiments. I am looking at Alex Kelly, the assistant deputy minister responsible. It seems to me we did two experiments last year with some other kind of product. So we are very conscious and aware and continue to lead in experimentation and testing, and we will continue with that, certainly.

**Mr. Hobbs:** Despite what some people sort of contend, we would love to find an alternative to salt that was roughly in the same ballpark in terms of effectiveness and cost.

**Mr. Dietsch:** I think it is imperative that we work towards that kind of solution.

**Mr. Hobbs:** Yes. We are actively looking at it. The problem with calcium magnesium acetate right now, as the minister indicated, is that you are talking about a tremendous cost differential, plus the fact that for the same effectiveness you have to use about 1.4 to 1.5 times as much as salt.

**Mr. Dietsch:** I see.

**Hon. Mr. Fulton:** The other question you had was with respect to the savings on the GO-TTC twin pass, which we launched last February here. The dollar value to the purchasing customer was \$20 per month on the combined pass. I do not have any further information, unless you have a more specific question.

**Mr. Dietsch:** No, that will be all right.

**Hon. Mr. Fulton:** That is the dollar saving to the consumer, \$20 per month.

**Mr. Hobbs:** The objective, as you have pointed out, is to get more riders and get them out of their cars in terms of a direct tradeoff. We are trying to make it attractive for more people to use the GO services.

**Hon. Mr. Fulton:** I think I indicated in my statement yesterday that the number of purchasers at Union Station, where we inaugurated the service last February, is roughly double what we had originally anticipated. It certainly is working. I expect that we will continue to expand that kind of fare integration wherever possible. GO and the other transit operators work very well together.

**Mr. Dietsch:** By that expansion of those kinds of programs, I assume there is an economic benefit to the government in pursuing that type of avenue as well.

**Hon. Mr. Fulton:** We think so.

**Mr. Dietsch:** By increasing your ridership and lowering your wear and tear on your highways, etc.

**Hon. Mr. Fulton:** We think so. It makes it more cost-efficient. For a decreasing per ride

subsidy, GO is the most cost-efficient system perhaps in North America. It is very good. I was trying to give you a compliment, Don.

**Mr. Dietsch:** I would dearly love to drive on it, if you know what I mean.

**Mr. Hobbs:** The objective was to make it easier to use the various facilities and therefore to get more riders.

**Mr. Dietsch:** That is not what I asked for; just accessibility.

**Hon. Mr. Fulton:** Mrs. Stoner had raised the issue of the Highway 401 expansion from Neilson Road to Brock Street in Pickering. It is an announcement we made some time ago which will expand the system from the 12-lane system in the east end of Metro and Scarborough through to Pickering. Our announcement at the time, a year or so ago, was for a 10-year program.

We understand and appreciate that Metro, the city of Scarborough, the region of Durham and yourself and others have indicated a desire to have that speeded up to a shorter time frame. We recognize well the need and we recognize—given that the major bottleneck also happens to be in my riding, I have a personal interest in the particular project—that 10 years is a realistic number of years for a project of that magnitude. We also have to consider cash flow and the funding for the project.

I have also learned—not quickly, but I have learned—that because of the nature of building highways or transportation systems, it can be hazardous to suggest that something can be done in a shorter period of time. It is better to go for the longer period of time and then do it faster. Rather than announce a five-year program that is going to take you 10 years, it is better to announce a 10-year program that you can do in five. If we can do that very necessary expansion in less than the announced time, as I have indicated previously, we will certainly do that, but it is subject to budget limitations and possible delays in construction, as well as soil conditions. It is not an exact science. If Mr. Black were here, he could confirm as an example building the Fraserburg bridge over Highway 11 near Bracebridge, we ran into some property and soil conditions that delayed that single overpass by nearly one year.

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Those things do happen. We think we need to provide for buying some time and providing for those kinds of technical delays that simply cannot be predicted and often are not known until you



art getting into the more detailed examination by the engineers and so on.

If there is any way that we can speed that up, certainly it is our objective to do that. I know that you and your constituents would welcome any possibility of reducing that announced time frame.

**Mr. Hobbs:** Out there as well, given the volumes that use the highway, there is the issue of if you put, say, two jobs on at once and you have a lot of activity, what happens to the congestion in terms of the people who are using it normally? What happens to the traffic flows? All those factors have to be taken into account in terms of determining just how fast one might be able to accelerate the work.

Inevitably, when you start to do a job like that, you get problems for the people because you have to divert, you have to put barriers in and there are different things that have to happen at access points. There are a lot of things that have to be taken into account on it.

**Hon. Mr. Fulton:** We appreciate your ongoing support for GO Transit and the expansion of GO. You were very prominent at the opening of Pickering, Ajax and Whitby back in December. I think I have answered your second question with respect to Whitby parking. We had announced the numbers that were available on opening day and with the provision for expansion of Whitby. Mr. Smith is here, and I previously indicated that we would be talking to the GO board about what will be needed to meet the added demand, but there is provision for roughly 500 additional spaces now.

**Mrs. Stoner:** The question also referred to the Ajax parking lot, which is also full.

**Hon. Mr. Fulton:** It is the same thing, although the numbers are different.

**Mrs. Stoner:** Yes.

**Hon. Mr. Fulton:** I think it is a little bit lower.

**Mrs. Stoner:** Yes. I think what we are looking for is an endorsement of moving ahead with actually creating those parking spaces.

**Hon. Mr. Fulton:** We are doing a review of that. I meet with the board, Mr. Smith and Mr. Parsons, on a monthly basis. In fact, I am meeting them on Monday morning. It may well be on the agenda, because we will want to review the success of it.

**Mrs. Stoner:** It is very successful. As you said, it is part of the success story, but in order to maintain its success and to build on it—we are at capacity now in those two locations.

**Hon. Mr. Fulton:** We will be reviewing very quickly just how much to extend that overflow provision. Do we have to develop the whole thing for paving and marking and so on, or can we do it in stages, as we have done in Rouge Hills?

**Mr. Wiseman:** Pretty close to a commitment they want to go north.

**Hon. Mr. Fulton:** I am sorry?

**Mr. Wiseman:** It was pretty close to a commitment a while ago, I thought.

**Hon. Mr. Fulton:** Oh, it still is. It is there. It is just a question of whether you have to extend for the additional 500 right away, in which case we would have to take the money away from Highway 15 or some such thing.

**Mr. Wiseman:** This I ignore.

**Hon. Mr. Fulton:** Therein lies our problem.

The question of Highway 407 is very valid. As you would be aware, in July 1987 we commenced construction of Highway 407, which had been on the books for some 30 years or so. With the interchange at Highway 400 and Highway 7, it is a two-year or three-year project. At the time of estimates, it was about a \$55-million project. That will give you some idea of the magnitude of the amount of work there, but it is a starting point. For the first phase, I think some \$280 million is committed to Highway 407 between Highway 427 and Highway 400.

**Mr. Chairman:** I am sorry. How much money?

**Hon. Mr. Fulton:** I think it is \$280 million.

**Mr. Chairman:** That is not that much less than the cost of four-laning Highway 69 to Sudbury.

**Hon. Mr. Fulton:** It is substantial.

**Mrs. Stoner:** Look at the volume.

**Hon. Mr. Fulton:** Most highway projects nowadays are substantial. It is our intent to proceed with the continuation of Highway 407 as quickly as possible. As you are aware, the alignment goes roughly from the town of Milton out to connect with Highway 115 and Highway 35. There is an ongoing debate with a number of municipalities whether or not the next phase should proceed from Highway 400 easterly or from Highway 427 westerly. The region of Peel, of course, feels strongly it should go west. The region of York feels it should go in both directions. The region of Durham thinks it should go east. The member for Nickel Belt thinks it should all go into the Sultan Link Road.

As funding becomes apparent on the horizon, we will have to make those decisions. Maybe there will be other options that are not currently available to us. We certainly see a need to get on with many phases or components of that project as quickly as possible.

**Mr. Hobbs:** We will be going out very soon to select consultants to pin down the alignment from Highway 48 to the east in terms of the alignment that would go through Seaton and beyond. We are going to be doing that for the next few months.

**Mrs. Stoner:** Will that consulting process be an open, public process of involvement, a review of the particular alignments?

**Mr. Hobbs:** This is looking at what is available physically. Then there is an automatic consultation process that is built into all our highway projects with respect to public involvement in terms of the options that are identified. That is an integral part of the whole process.

**Hon. Mr. Fulton:** Your last question, Mrs. Stoner, dealt with Pearson and Hamilton. Unless you have further questions, I think that has been dealt with, so far, but if you have any further questions, I will attempt to answer them.

**Mrs. Stoner:** No, although my GO Transit question also referred to the busing along Highway 2, I believe. My notes here say I had asked that.

**Mr. Wiseman:** I do not think you got to that.

**Mrs. Stoner:** Okay. Maybe I could ask it now and get an answer later. The bus along Highway 2 through Ajax and Pickering is no longer in existence because of the train facility. I understand that went to Yorkdale, which is not easily accessible. A lot of people depended on that. There was a petition, I believe, to you or to GO—I am not sure exactly where it was directed—from the users of that bus, which still travels the highway but does not pick up anybody in those two areas.

**Hon. Mr. Fulton:** I do not have the details. Perhaps the deputy or the general manager is able to answer that now or we can bring the answer back on Monday.

**Mr. Hobbs:** Monday.

**Mrs. Stoner:** Thank you.

**Hon. Mr. Fulton:** Mr. Tatham, you had a question with respect to revenues as they relate to the just-in-time delivery. I am not sure whether you meant with the volumes and whether or not the commercial vehicles should be paying a

higher rate or what. Perhaps you would clarify your question.

**Mr. Tatham:** The deputy went down and spoke to our chamber of commerce and indicated that 30 per cent of the traffic now is trucks and we expect an 80 per cent increase in truck traffic in the next 10 years. We have the two roads. We have this facility that is going to employ 2,000 people in Ingersoll. We have the situation with Toyota in London. We have all these just-in-time operators who are going to be there.

With the trucks, the way we obtain revenue, just wonder whether in fact we should look at weight-distance tax. Whether that makes sense or not, I do not know. I understand there are a number of states that are doing that. You are probably conversant with it.

I have a series of questions. I had about a minute to go. I did not really have much chance to ask many questions, but perhaps I could just lay that question on the table.

**Hon. Mr. Fulton:** Sure.

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**Mr. Tatham:** I am wondering again. We certainly appreciate the dollars being spent along the Ingersoll area because of CAMI Automotive Inc., but I think we had three truck fatalities in the month of December just along Highway 48 in the Ingersoll and Putnam area. I do not know whether these truckers are going too fast or what is going on, but we have to pay attention.

About this matter of standards on local highways, we have to build roads to what standards, to carry what size of vehicle? Do we have to build them according to the biggest truck? How do we allocate vehicles to roads? We have quarry trucks there. We have that Highway 6. We have the three quarries and two cement plants and another cement plant north, where these big 28-wheelers or 32-wheelers come down. They are good people and they do a good job, but I just wonder which roads we allocate and how do we build our roads to carry what kind of traffic? I suppose I raise the same question because of this just-in-time.

Have we thought about sort of allocating lanes for three or four people in a car? You look along the highway. I drive back and forth from Woodstock and I often see just one and maybe two, but it is usually one person per car pulling two tons of car down the road. Should we ask the general public if it wants to get three or four people in the car and away they go? I understand in some jurisdictions in the United States they fine you if there is only one person in a car. Whether that works or not, I do not know.



On this matter of aircraft, are you going to include looking at London as well? I do not know how busy London is. With the development in western Ontario, I would think we should pay attention to London. I do not know how much traffic goes on there. At one time you could fly out of London to certain places, but now I understand some of them have been cut. Perhaps we should be thinking of these things. Sometimes we think there are two Ontarios—Metro and the rest of us—and I think we have to think of Ontario all together.

As for abandoning rail lines, we need more roads for vehicles, but where is the tradeoff? What is the long-range view of the next 10, 20 or 30 years? Have we thought about that? What are we going to do? Are we going to build more and more roads and forget about the trains? That is another question that sort of comes to mind. If we could get some of those answers, I would appreciate it.

**Hon. Mr. Fulton:** You know, because of your particular interest in railways, and also the question was asked by the member for Sault Ste. Marie—over the long haul, the next 10, 20 or 30 years, what are the plans of the federal railways—we work very closely with them with respect to seeking information on rail line abandonment and what will become of or what is the potential use of that abandoned railway, whether it could be put to some other transit, transportation or highway use. That is aside from the recreational components and all that sort of thing, as you are aware.

We would work on those issues. I know you have had dealings personally with Mr. Mealing with respect to that particular matter. We would certainly undertake to keep you advised. I know that it is a special project near and dear to you and that you will continue to work in that regard.

You mentioned the question of single-passenger vehicles. We have looked very recently at the use of dedicated lanes for car pools, buses or other multipassenger vehicles. We have seen certain situations, but whether we could physically apply them in a safe way here or not, but our staff is reviewing the potential.

In Seattle, in King county in the state of Washington, for example, they have a reversible dedicated lane, in and out—in one way in the morning and back out in the evening rush hour. This is not unlike what the city of Toronto has been doing for years and years on Jarvis Street and perhaps Mount Pleasant. They actually just switch the traffic signals around for one or two lanes in the middle.

How we can apply that principle to some of our provincial highways, I do not have details on. We have seen it and it certainly works in the jurisdictions where we have seen it, but it may be something that is great as an afterthought but that needs to be done at the time of the construction of the road.

There are obviously a number of physical impediments to refitting a road system to effect that. Gerry Johnston has been out to see that in Washington. I think that there are other jurisdictions that have it. We will pursue it. It is certainly a concern, particularly in congested areas, whether it is Ottawa-Carleton, Hamilton-Wentworth or the region of Metropolitan Toronto, and certainly other areas. We will continue to look at that.

As for the question of the trucks, we do not have any plan, although it has been looked at in a very preliminary way. What is the terminology you use on weight-distance? Tachometer. It has simply been looked at, but there is no immediate plan to implement any suggestion in that line or—

**Mr. Tatham:** I was just thinking it is user pay.

**Hon. Mr. Fulton:** Commercial vehicles pay, as you would be aware, a substantial amount in fees, either licences or registration fees. There may be a view that they do not pay enough, but on the other side they pay—

**Mr. Tatham:** I was thinking of the fairness of user-pay to the individual. I have just talked to a few truckers about it and some of them think it seems like a reasonable idea. I am sure others would think otherwise.

**Hon. Mr. Fulton:** It is the kind of thing I think is generally under constant review within this ministry, but we do not have any immediate plans to raise them. We will wait to see how events unfold over the next period of time, given the events of December, and see how that applies.

You raised the question of weights. I am not sure when—I guess in the 1970s—the province established a particular gross weight value for commercial vehicles of 168,000 pounds. That has been consistently applied. I will not even attempt to answer the engineering questions of what you then have to do in terms of roadbeds and bridge structures.

I think you would probably start with the capacity of bridges and then work backwards. As opposed to worrying about the roadbed, you would have to worry about that structure and how the limitations would apply to a structure. Perhaps Mr. Hobbs could tell you when that weight limit was established.



**Mr. Tatham:** I was just wondering. I do not know what the dollars or the percentages are, but if you are going to increase the number of trucks on the road, then you are going to have to make sure that the roads have probably more concrete or more base, and your bridges probably have to be wider to get around the curves.

I do not know what the dollars are; maybe somebody could show me where the dollars are. If you are just running cars on there, it is probably 40 or 50 cars to one truck for the same cost. I do not know what the costs are. I am just wondering, how much money do we have to look forward to spending? If we are going to go from rail to trucks, where do we balance this off in dollars?

**Hon. Mr. Fulton:** I do not know. I will ask the deputy to make some comments, but we know on a per kilometre basis that there is a difference between building a highway in northern Ontario through the Laurentian Shield—we have identified that in the district of Muskoka there is a different kind of problem.

Down in southwestern Ontario, we have had Highway 401 in the area of Tilbury where the base some five or six feet below the surface of the highway was in fact being disrupted in some manner. I have not any idea how, but the effect on the surface was substantial. We have had to undertake substantial remedial work in both directions in that area of Ontario.

1730

**Mr. Tatham:** From an energy point of view, I always understood that—what is it?—pipelines or I suppose water just chipping and then a pipeline and then probably steel wheels and then rubber tires—is that the way it runs? I do not know—and then air no doubt comes, from a cost point of view. I just wondered, if we are going to go from one mode to another mode, who is going to pay the bill and how do we do it? Would you care to comment?

**Mr. Hobbs:** I think in terms of paying the bill—

**Mr. Tatham:** I think we are going to pay the bill.

**Mr. Hobbs:** I think that every new commercial vehicle that comes on the highway has to get a licence. It pays the fuel taxes. So for every vehicle that comes on the road, there are additional revenues that come with it. Whether that balances out totally in terms of what is happening to our highways, I think we really are not at a point where we can give any sort of a definitive answer on that.

We really only had the significant increase in the numbers of commercial vehicles over the few years. We are noticing some areas where there is some pretty significant wheel-rutting on various parts of the highway now; but from a perspective, that tends to come more from axle overloads and axle overloads than just simply from the number of trucks that happen to be on the highway. Now obviously, if you get a large number of trucks that do have significant axle overloads, then you are going to have a lot more damage.

This is the kind of thing we are trying to deal with right now and trying to determine what is the case, then what do you do in terms of charges that you impose to ensure that it is some other sector of the economy that is paying for that? But it tends to be more localized in the area around Toronto simply because of the volume and the types of—particularly where there is heavy aggregate truck use and some other situations.

It is very tough to try to get a very straight-line A-to-B determination of the cost here and there and you deal with that in terms of your fee system and your taxation system. It is a very legitimate question, and we do not have a scientific answer for it at this point in time.

**Mr. Chairman:** There were two other members who indicated an interest: Mr. McGuigan had not put his question yesterday, and Mr. Wiseman. So if we could make sure that there is time for Mr. Wiseman left, Mr. McGuigan.

**Mr. McGuigan:** First of all, I want to thank the minister for showing confidence in me and for work on this overload problem.

I simply want to put on the record, I guess particularly for northern Ontario's benefit, that we have a significant problem in southwestern Ontario with truck weights and particularly with axle overloads with grain trucks.

As part of this revolution towards trucking, grain traders have moved largely from rail to trucks. Just to give you a little bit of an overview, all around the lakes, starting at Thunder Bay coming down to Goderich, Sarnia, Windsor, Port Colborne, Toronto and so on, there are a lot of federal terminal elevators.

These elevators handle the grain from western Canada and from Ontario, all at different seasons of the year. So the job at harvest time is to get the grain from the small local elevator into these terminal elevators for permanent storage or long-term storage, where it can be either shipped overseas or shipped to users.

In the case of soybeans, which is now the predominant grain in southwestern Ontario

ed to be corn; it is now soybeans—the big user is Victory Mills here in Toronto. With this whole change to trucking have come very large combine harvesters that take the crop off very quickly. They overload the local elevators, which in turn overload the trucks, which in turn, I suppose to some extent, overload the terminal. Just to give you an example, a big combine harvester today can handle 100 acres a day under good conditions. That generates up, to we will say, eight trailer trainloads a day just from one harvester. So with the competition there is among the receivers, that is, the local grain elevators, they compete with each other to get the grain in from the farmer to get the service fee for handling that grain, also to have him as a customer for their fertilizers and so on in the ring of the year.

Their push at harvest time, at least at the peak harvest time, is to load that truck as heavily as they possibly can to get it out of their yard, to get down to Toronto or wherever it is taken. If the driver starts complaining about the fact that they are overloading him, he is immediately met with a retort, "Well, if you're not willing to take it, someone else is." Of course that driver, in weighing that proposition, is probably looking at 10 trucks in the fleet that he represents. He is not just talking about losing that one load; he is talking about losing the business for that whole fleet of trucks in the fleet.

He weighs that against the possibilities of getting caught on the highway and fined. We do not weigh every truck that goes down the road; we have stations open at various times, so he is more inclined to take the latter course, because the penalties are not quite as great when he is caught and fined as in the possibility of losing the business for the company. So you have that pressure at the peak of the harvest.

As soon as the harvest slows down, then the pressure comes the other way around in that the local mill starts asking the truckers to bid on taking the load out. So it then becomes a question of who is willing to bid the lowest price, and of course when he gets in that competitive situation, the trucker is in a position where he wants to load right to his maximum. When you have, say, 200,000 tied up in a truck and trailer and you make your living by carrying as close to your maximum as you can, then the pressure comes from the other side to have the maximum weight.

Compounding the troubles is the fact that they do not really get into an axle scale until they get on the highway; that is the only place where we have any axle scales. At the local elevator the

scale will weigh the gross weight; it does not weigh the axles. Compounding it further, a lot of farmers today run sort of what they call a kitchen broker. They have a small grain-receiving system that they will use for themselves and for their neighbours and they have no scale at all. Further compounding it are the different weights of the grains that vary with the time of the year. They vary according to the moisture content of the grain. So we have a pretty involved system.

The railroads years ago used to have lines drawn on the inside of the old boxcars. They had a line for flax, oats, barley, wheat and so on. Of course it was not quite as critical as it is with the trucks, because they were not dealing with multi-axles; they were only dealing with gross weights.

Nevertheless, it seems to me that if we put our minds to it and called in the engineering services, the people they have at the Ontario Agricultural College at Guelph University or any other college you might want to contract work out to—I mention agriculture because there is a concern of agriculture in this problem of moving grain—perhaps we can work out some profiles of how these trucks should be loaded.

It seems to me that if we had a co-operative venture between the Ontario Grain Haulers and the ministry and a will to do these things, perhaps we could have an educational program or assistance program—it is probably too much to expect to eliminate all of these problems—that might solve some of them to the benefit of the trucker, the agricultural industry, our highways and everyone involved.

#### 1740

I am looking forward, as the minister just mentioned, to his support for that. I see that you have done this with other programs, the logging people and so on. I am certainly looking forward to us perhaps being of some assistance to these people. There is much more detail to the problem than I have given, but I just wanted to give you a broad outline and indicate that all over the province there are unique trucking problems and southwestern Ontario is one of them.

**Mr. Chairman:** Mr. McGuigan, we have them in Sudbury too. Just as an aside, the railways abandoned their rail lines for the trucking of slurry from the mill to the smelter or other mills—I am not going to go into technical detail—and went to trucks. There is a real uproar in the Sudbury community about all these trucks now being on the road and there have been accidents.



It used to be that on the rail line, nobody saw them: out of sight, out of mind. It seemed so efficient yet, in the long run, the companies find the trucking cheaper and more efficient. Socially we pay a price for that on the highways in accidents. Anyway, I did not mean to get into the debate.

**Hon. Mr. Fulton:** I just want to say, having listened to Mr. McGuigan's comments for the last few minutes, that it is very clear and evident why we asked him to take on this very important role. He has a tremendous background and in-depth knowledge of a very, very important issue, and I want to commend him for taking it on. It is very clear that we have appointed the right person for this very difficult role.

**Mr. Wiseman:** I would like to go back to some of the questions that the minister attempted to answer this afternoon, such as the one about the 12,000 parking spaces or so in and around the new domed stadium. When you take that one-kilometre distance, you are probably looking at Exhibition Place, at Ontario Place, at all the hotels that have parking spaces down there, plus Ed's Warehouse, and the large complex there which I have forgotten the name of now—on the corner, the one shaped like a hexagon—and so on, all within one kilometre.

I would like to know if I am right, if that makes up that 12,000 or 13,000 parking spaces. I had understood that the domed stadium itself has only about 200 parking spaces which are taken up by those people who are pretty wealthy and pay \$100,000 or so for their box seats every year.

**Mr. Black:** They are called Conservatives.

**Mr. Wiseman:** Oh, they are called Liberals, are they? Anyway, it is quite easy to say there are that many spaces within that area, but a lot of them are taken up by other restaurants, hotels, and so on.

**Hon. Mr. Fulton:** I know you are right. I am not sure you are correct.

**Mr. Wiseman:** However, I just want to let you know that we do know there is a lot of—it is easy to slough it off that way, but there is a problem.

**Hon. Mr. Fulton:** I am not as familiar with downtown Toronto as you appear to be, but I would not attempt to say yes or no, that you are correct in each of the facilities you indicated. My guess is that Ontario Place is slightly further than a kilometre away.

The numbers that were indicated were those stated at the time of the Metro Toronto council decision in co-operation with and with support

and direction from the province of Ontario, suggest that information is available to you and anyone else who has a particular interest and undertake to attempt to get the logistics and the breakdown of where those spaces are.

You have to remember, however, that the domed stadium is programmed to hold about 20 events a year, both sporting and other kinds of recreational things, and most of those, many of those are scheduled—

**Mr. Wiseman:** I do not want to take up a lot of time on that because I know there is going to be a real problem for you, Minister.

**Hon. Mr. Fulton:** No, I am just trying to remember what the arguments of the Premier of the day were to justify the location. Many of those were in the off-peak hours, and the Canadian National Exhibition, of course, is on operating 17, 18 days a year—

**Mr. Wiseman:** But a lot of ball games go on when the CNE is open and when other events at the CNE are on.

I would like to go back to another one of your answers. I just want to let you know that we do not take everything as gospel. In regard to paragraph 54 of your statement, I had asked you and you mentioned that there was \$695 million more that went into municipal roads. You were just coming off your statement.

**Hon. Mr. Fulton:** On a point of order, Mr. Chairman: I did not say \$695 million more, I said \$695 million.

**Mr. Wiseman:** Oh, that is all that goes into rural—

**Hon. Mr. Fulton:** I consider \$695 million a lot of money; I do not know about you.

**Mr. Wiseman:** How much of that went into rural roads compared to—

**Hon. Mr. Fulton:** That is all municipal roads.

**Mr. Wiseman:** Yes, but into the small municipalities compared to Metro Toronto because yesterday you were talking for quite a long period of time about all the initiatives you have taken, as Mr. Black and others have mentioned, around Metro Toronto. Then at the last you came up with this global figure but did not break it down to how much we were getting out in the boondocks compared to the rich wealthy people who live in and around Toronto and that is what I was trying to get at.

**Hon. Mr. Fulton:** I know a few up in the Carleton Place area who are doing very well for themselves. We can give you a breakdown, but then to put things in proper perspective, v



uld perhaps want to add provincial highways he other side of it.

**Mr. Wiseman:** If we could get a breakdown when it is municipal, how much is spent—we w the extra money you put in prior to the ction a year or so ago. Most of that money yed in and around Metro Toronto.

**Hon. Mr. Fulton:** On a point of order, Mr. airman: I would like the member to clarify his t statement. What extra money did we put into budget prior to the last election?

**Mr. Wiseman:** There was an announcement ring there would be—I forget how many llion it was now—\$130-some million. Out of it, there was very little went into northern or stern Ontario. Most of it was right in this area.

**Hon. Mr. Fulton:** That is not true. I nember the chairman of this particular omtee in fact conducting his own opening of a ghway in northern Ontario.

**Mr. Chairman:** To save the minister a trip.

**Mr. Wiseman:** That was probably started der a Tory government, but let's not—

**Hon. Mr. Fulton:** Not likely. There were a lot them announced under the Tory government, t very few actually started construction. Let's k about Highway 416.

**Mr. Wiseman:** We are getting close to the ne and I do not want to waste a lot of time on it, t I would like an answer to that, a breakdown.

**Hon. Mr. Fulton:** As one of my colleagues o shall go nameless has told me many times, e Tories got four elections out of every ghway announcement.

**Mr. Wiseman:** Anyway, if we could have a eakdown of that, I know it was skipped over etty fast in the answers.

**Mr. Hobbs:** Of the \$695 million in municipal ads, \$92.4 million goes to Metro and its onstituent municipalities.

**Mr. Wiseman:** Did you say \$92.4 million?

**Mr. Hobbs:** The rest goes to other municipali- es throughout the province.

**Mr. Wiseman:** That is the total?

**Mr. Hobbs:** Yes. That is municipal roads, not rovincial highways money.

**Mr. Wiseman:** So connecting links are as- sessed as King's highways?

**Mr. Hobbs:** Unless they put it in municipal, es.

**Mr. Wiseman:** Going through the city, like 01—

**Mr. Hobbs:** No, 401—

**Mr. Wiseman:** That is a highway, so all those—

**Hon. Mr. Fulton:** The 401 is not a connecting link.

**Mr. Wiseman:** No, and some of the other—

**Mr. Hobbs:** This is the proportion of the municipal road budget that goes in subsidy to Metro and to the constituent municipalities, such as Toronto, North York and Scarborough.

**Hon. Mr. Fulton:** In my recollection, Mr. Wiseman, Highway 401 runs from Windsor to Highway 20 in Quebec, which is the full length of the province and serves all of Ontario.

**Mr. Wiseman:** But it does carry a lot of inner-city traffic as well.

Just on the senior citizens' licence, I know you said they probably would not want a restricted licence in Toronto. Probably they would not need one in Toronto when they have so much subsidized travel, but when they are out in the rural area, and most of these senior citizens' homes are out in the community—through programs that we started and you have kept on, like the Ontario home renewal program to keep many of these people in their homes, a lot of them are rural and they have to have some means of transportation.

Unless they have next of kin like a son or a daughter to drive them, they are out in the boondocks with no way of being transported. In the city here, there is a way of getting around if they really want to without a car, but these people need this. When their wheels are taken away from them, even at an older age, they feel just as badly as a young person who has had a licence taken away.

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**Hon. Mr. Fulton:** Are you suggesting a lower standard of testing for people driving on rural roads, county roads and provincial highways?

**Mr. Wiseman:** I am saying that a lot of states, as I understand it, have had a limited driver's licence.

**Hon. Mr. Fulton:** No, that is not what you were getting at. Are you suggesting a lower standard of testing to allow them to get on a road or to drive a vehicle for limited periods of time during the year?

**Mr. Wiseman:** If it meant that to have them on the road.

**Hon. Mr. Fulton:** You would support lowering the standards to allow people to drive vehicles in Ontario?

**Mr. Wiseman:** Not all people. I am saying seniors. You and I and a lot of others are getting grey around here and we will not want our wheels taken away from us maybe for a few more years.

**Hon. Mr. Fulton:** As long as you include the chairman.

**Mr. Wiseman:** However, you are not very sympathetic to the elderly.

**Hon. Mr. Fulton:** No, that is not true at all. We are extremely sensitive.

**Mr. Wiseman:** The government has shown that in a lot of ways.

**Hon. Mr. Fulton:** I would remind you that this government is the first government in the history of Ontario, indeed of Canada, to appoint a minister responsible for senior citizens' affairs.

**Mr. Wiseman:** But look at all the things that were done for seniors before that. They have not made any improvements on it.

**Mr. Dietsch:** Don't knock it. Your body is breaking down, like you said yesterday. Don't knock it.

**Hon. Mr. Fulton:** It is not the body that is going so fast.

**Mr. Wiseman:** I would like to ask the minister: In the 1986-87 estimates, you spent \$1,764,000,000, actual. Those figures are quite high. You estimated \$1,896,000,000 for this year. Do I take it that you only actually spent \$1,387,000,000?

**Hon. Mr. Fulton:** That sounds like the difference between the capital and the—

**Mr. Wiseman:** On the first page of the estimates.

**Hon. Mr. Fulton:** Would you give me those figures again?

**Mr. Wiseman:** You had \$1,896,000,000 to spend. It would appear that you spent \$1,387,000,000, or about \$500 million less. I wondered where that figure came from.

**Hon. Mr. Fulton:** That is the difference between the capital and the—

**Mr. Wiseman:** It showed that last year the actual spending was \$1,764,000,000 and some change.

**Mr. Hobbs:** The column on 1987-88 that says \$1,896,000,000 was the ministry total, but for the \$1,387,000,000, you have to take away the special warrants and the statutory appropriations, which is money that was spent. That means that under the estimates the amount to be voted—because the other ones were covered under

special warrants and statutory appropriations—\$1,387,000,000, not the money that was spent.

**Mr. Wiseman:** What are the special warrants? Is that money that was spent in 1986-87 but was not paid until the next year? What do special warrants mean?

**Mr. Hobbs:** No, that is money that was spent in-year.

**Mr. Wiseman:** In-year, but started the year before?

**Mr. Hobbs:** No.

**Mr. Wiseman:** Explain what special warrants are.

**Mr. Hobbs:** I think the best way to do it is through some examples. We can get that for you in terms of what would be incorporated under special warrants because special warrants exist for some different purposes.

**Mr. Wiseman:** It is a lot of money.

**Mr. Hobbs:** It is money that was spent. It is how it is categorized for the purposes of the estimates in terms of the legislative process; how much of the amount is to be voted, not how much are the amounts that are actually spent.

**Mr. Wiseman:** Are special warrants usually this high in any given year, or do I have to use my imagination that it might have been for commitments given prior to a certain event that took place?

**Mr. Chairman:** I think that members of the committee might appreciate a proper explanation of special warrants, because they will come up again and again in different estimates. Perhaps on Monday we could have an explanation and some examples of special warrants; particular, because of the number of these special warrants, which is very high.

**Mr. Wiseman:** Fine, thank you.

**Mr. Chairman:** Anything else? Mr. Wiseman, the minister did want to read something in the record, but if there is another question—

**Mr. Wiseman:** I can wait till Monday.

**Mr. Chairman:** Okay, thank you.

**Hon. Mr. Fulton:** This has to do with the question asked by the member for Sault Ste. Marie with respect to the issue of four-lane Highway 17, a question which has been asked repeatedly in a variety of forms by a variety of people. For the interest of members here and elsewhere, I would like to put this on the record.

The cost of four-laning is estimated to be about \$3 billion. A continuous four-laning program along the length of Highway 17 is virtually

ssible without a significant ongoing financial contribution from the federal government. This is part of the Trans-Canada Highway, and federal involvement is appropriate. On several occasions, I requested assistance from the federal Department of Transport in this matter, but to date it has declined to contribute financially towards such a highway program.

More recently, the Roads and Transportation Commission of Canada, at the urging of Ontario and other provinces, is studying a potential network for a suitable national highway system. Ontario is financially supporting this initiative and is actively involved in its policy work.

In the absence of federal involvement, our experience has shown that truck climbing lanes and passing lanes are very effective. As a result, we are providing for the construction of such additional lanes where safety and operational objectives indicate that they will be most effective.

At the present time, the Ministry of Northern Development and the Ministry of Transportation are examining the relative priority of four-laning Highway 11 to North Bay and Highway 69 to Sudbury respectively, as gateways to northern Ontario. We have not yet scheduled construction on Highway 11 but are doing some preliminary design.

In addition, we are looking at increasing the number of lanes at strategic locations along Highway 17 through northern Ontario. These

include the Sudbury southeast bypass, east of Sault Ste. Marie through the Garden River Indian Reserve, west of Thunder Bay towards Highway 130, and the Kenora bypass. In addition to the above, the ministry will continue to rehabilitate Highway 17 and implement approved paved-shoulder and passing-lane programs.

I just wanted to have that clearly on the record.

**Mr. Black:** On a point of order, Mr. Chairman: I would like to point out to the minister that for the cost of one nuclear submarine we could probably four-lane all of Highway 11, all of Highway 69 and all of Highway 17.

**Mr. Chairman:** What a creative point of order. Thank you, Mr. Black.

**Hon. Mr. Fulton:** As the Speaker of the assembly would say, it is an interesting point of view.

**Mr. Chairman:** Are there any other comments or questions before we adjourn?

**Mr. Dietsch:** I think it would be appropriate that maybe between now and Monday Mr. Wiseman can find out from his federal counterparts why they will not participate.

**Mr. Wiseman:** Are you going to throw the buck back on them?

**Mr. Chairman:** On that note, the committee is adjourned until Monday afternoon following routine proceedings.

The committee adjourned at 5:58 p.m.



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**STANDING COMMITTEE ON RESOURCES DEVELOPMENT****Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Morin-Strom, Karl E. (Sault Ste. Marie NDP) for Mrs. Grier

**Clerk:** Mellor, Lynn**Witnesses:****From the Ministry of Transportation:**

Fulton, Hon. Ed, Minister of Transportation (Scarborough East L)

Hobbs, David G., Deputy Minister

Johnston, Gerry H., Assistant Deputy Minister, Provincial/Municipal Transportation

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Transportation

**First Session, 34th Parliament**  
Monday, January 9, 1989



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, January 9, 1989

The committee met at 3:49 p.m. in committee room 1.

### ESTIMATES,

### MINISTRY OF TRANSPORTATION (continued)

**Mr. Chairman:** The standing committee on resources development will come to order as we continue the estimates of the Ministry of Transportation. We had agreed to leave the vote open today for anything within the ministry's ambit.

**Mr. Wiseman:** I wonder if the minister could answer the question on special warrants. He was going to have a detailed answer for us.

**Hon. Mr. Fulton:** That is the \$509-million question. I think the deputy has that answer for you.

**Mr. Hobbs:** Special warrants, as I think you are aware, are not unusual. From the standpoint of how the ministry gets money, there are three different ways. There is the estimates process, there are the interim supply bills and there are special warrants, where the ministry makes a submission to the Management Board of Cabinet. Normally that is done either at the beginning of the year in order to get sort of an advance on estimates so you can finance the running of the ministry, or you get it when there is an urgently required expenditure that has not been approved by those other two processes.

The number for the current estimates in the book in terms of 1988-89 results from the fact that the way the allocation process was handled was an unusual one, in the sense that in 1987-88 there were the two special warrants for the \$509 million. The reason for this was to cover the expenditures for the first two months of the fiscal year. The Legislature at that time did not convene until after April 1, 1987. As a result of that, the usual interim supply motion could not be passed to cover beginning-of-the-year expenditures, so that for April-May, in order to run the ministry until we could get to a point where there was an interim supply measure, there were special warrants for \$366,700,000. That, as I say, was to cover the first two months' operating. When we go to November, the \$145 million was the second special warrant, which was to

cover expenditures for the month of November. As I think you are all aware, the Legislature was not in session at that time due to the provincial election. In fact, during that year, we did not have any formal estimates in front of committee. Following the election, for this ministry and those that had not been covered under this type of process for the estimates, it was done by motion in the House in terms of approving the estimates for the ministry.

That was the reason for the two special warrants that add up to \$509 million: the first two months' expenditures; and then the November expenditure simply because there was no other approval process we could utilize because of the fact the election was taking place.

**Mr. Wiseman:** I phoned Management Board today to see what special warrants meant and so on and I found that in order to qualify for a special warrant an expenditure must be unforeseen and/or urgently required. It seems odd that close to 30 per cent of your total budget could fall into that category, that it was not something planned prior to that time. It had to be something new that came up. What could possibly come up that was new, other than an election, that would take \$509 million?

I checked with the former Chairman of Management Board, from when we were there. Of course, we always had some warrants, but we never had anything that would amount to anywhere close to a third of the budget in any particular year. The deputy never mentioned these conditions of Management Board, set out by your Management Board as well as when we were there. It has to be unforeseen or—

**Mr. Hobbs:** I think I did. Or where it is urgently required, and urgently required—

**Mr. Wiseman:** Could you give us some examples? What came up in a hurry that you could not have dealt with that kind of expenditure?

**Mr. Hobbs:** The fact that we did not have money approved under the other two processes in order to pay the bills for highway construction and for a whole range of things we normally do, because of the lateness in terms of the Legislature reconvening. There is no question about the fact that the amount for that year was unusual.

**Mr. Wiseman:** The first one, for the big amount, was for the three months after we left at Christmas. The last thing before the Treasurer leaves is that he gets permission to go ahead and pay whatever bills need to be paid in the interim when we are not sitting here. If I go back and check that, I am quite sure the Treasurer had that and the large amount that you spent, that you took in—the rules say that the first day back you must table in the Legislature all the special warrants that you or any other ministry in government spent during that time.

In my opinion, your response might go for when we had the election, but you already had your allotment of money. You already knew what you were going to get when we came back in April of that year, prior to the election.

**Mr. Hobbs:** It was not approved. It is the amount of money that is to be voted under the estimates process, not what the initial allocation is.

In 1985-86, our total budget was \$1.6 billion. I will go to 1986-87 actuals. The ministry total was \$1.7 billion. To expect that we got only \$1,387,000,000 in terms of our 1987-88 estimates—in other words, a cut of almost \$300 million. Even with constraints, you do not get a cut of \$300 million.

Our allocation increased from \$1.7 billion to the 1987-88 estimates of \$1,896,000,000. The way in which that money was approved changed. But there is nothing major that is new in that \$500 million, because otherwise we would have gone from the \$1.7 billion total down to \$1.3 billion, which would have been a major slash of something out of our budget and that simply did not happen.

We had incremental increases in the highway program. We already had the money approved for GO Transit. We had an increase in the money for municipal roads, which was an incremental increase.

**Mr. Wiseman:** All those promises that were made in the months leading up to the election: It would seem to me that is where the special warrants came. In the year we are talking about, you paid for your election promises of the year before.

I would like to see a list made up of how you arrived at over \$500 million. In fact, the largest part of the warrants was in January to April 1, when the Treasurer (Mr. R. F. Nixon), I believe, as I said before, already had permission to pay any moneys that were needed at that time to run the government.

He would not have gone out—the de minister is shaking his head. I have never kn a Treasurer to go out at Christmastime unt has had that. Some of the members who hav around for as long as I have, or pretty near, k that is the truth. That is the last thin Christmastime if you are going to come bac April or so. It is different this year because w coming back for whatever length of time now. But you can bet your last dollar tha Treasurer, towards the last day, will say he n permission to carry on and pay the bills that c in between now and when we come b whether it is April or whenever it is.

**Mr. Hobbs:** Mr. Wiseman, things happ differently in that particular year. In term timing, from my perspective, and in term how these things happen, they were not the cover specific new things. They were to pay what we needed to get on with getting highway construction projects under way terms of some of our normal municipal com ments and other things, but there was not special.

**1600**

**Mr. Wiseman:** It is really breaking Man ment Board's rule then.

**Mr. Hobbs:** No.

**Mr. Wiseman:** What the Management B told my staff today was that expenditures mu unforeseen and/or urgently required.

**Mr. Hobbs:** And there is no existing appr ation of money for the expenditure, i.e. approved—that was the case because there wa interim supply.

**Mr. Wiseman:** That was not what they us. I will go back and check that again. I ha be suspicious, but when things change so n in an election year and prior to it, knowing the system has worked for 18 years arc here—it will again. For all of you who are si over there, maybe smiling, you will see it hap that the Treasurer will come in before prorogue and for up to whatever time we c back he will ask for a commitment of Legislature to him to pay all the bills and your wages and the wages of all the staff arc here during that time.

**Mr. Black:** On a point of order, Chairman: I just want to point out that I am Mr. Wiseman's thinking has been affected by way the former government used to do busin Those kinds of things simply do not happe this time and in this day. We want the recor show that pork barrel activities and chaos

authorized spendings are things of the past in this province.

**Mr. Chairman:** As a matter of fact, there was a way that would have even been a point of order.

**Mr. Wiseman:** I would like to have a list of the major projects that fall into this category and what ridings they were.

**Hon. Mr. Fulton:** I would love to know too.

**Mr. Wiseman:** Can you not then?

**Mr. Hobbs:** These are done purely on the basis of aggregate cash requirements by vote and by item.

**Mr. Wiseman:** If we ask for it through the Freedom of Information and Protection of Privacy Act, can we get it that way?

**Mr. Hobbs:** No.

**Hon. Mr. Fulton:** You are free to find out.

**Mr. Wiseman:** It makes me even more suspicious when no one is willing to even cover it. It would really look, and I would like it on the record, as if the government bought the votes of the people with half a billion dollars and took it out of the next year's budget.

**Hon. Mr. Fulton:** I reject that.

**Mr. Black:** On a point of order, Mr. Chairman—

**Mr. Chairman:** I think there is a point of order coming.

**Mr. Black:** It would have taken a great deal of time to get the majority of the votes. I want the member to know that.

**Mr. Wiseman:** The people should know.

**Mr. Chairman:** Thank you, Mr. Wiseman.

**Mr. Black:** It is a ridiculous accusation—from a man who should know.

**Mr. Wiseman:** I just want to make it clear: you do not intend to give us any of that information?

**Mr. Dietsch:** I guess the other point is, if that were true how did you end up here?

**Mr. Wiseman:** Well, Lanark and Renfrew knew what they were doing.

**Mr. Chairman:** We are dealing with the—

**Hon. Mr. Fulton:** Only by 800 votes, though.

**Mr. Wiseman:** Yes. You tried to fix that; it did not work.

Anyway, what is going to happen here? Am I going to get it?

**Mr. Hobbs:** The way that information is provided to us is totally in an aggregate manner by Management Board order, as I think you are aware, by vote and item. We can, in terms of the

rules, provide you with a copy of the Management Board minute that we received, under the current freedom-of-information act. In the sense that it is a confidential document, we will talk to Management Board. I certainly cannot at this point in time offer to provide anything more, if even that is allowed, because Management Board minutes are minutes of cabinet and confidential documents.

I can state explicitly that there is absolutely no list in the ministry of specific projects that this money could go to and absolutely no list available or in existence about which ridings. This is all done on the basis of our estimated cash flow requirements to run our normal expenditures for our ongoing programs.

**Mr. Wiseman:** And all the commitments that were made in those six months prior to the election and during the writ, from say January to September, that money and that commitment was all work that would have been done normally, but was speeded up because of the election and so on.

**Hon. Mr. Fulton:** Mr. Chairman, I have to absolutely reject this from our point of view, both as a minister representing the government and representing my party. While the member for Lanark-Renfrew may be well experienced in that kind of pork-barrelling he is alluding to, it did not and does not take place in my ministry, nor any other that I am aware of.

I would point out to you, sir, the reason we were late here today was that three different parties were represented at a meeting to deal with a project of some significance to this ministry and this province. We do not—I repeat—we do not go through project by project to see whose riding it is in, unlike former governments.

**Mr. Wiseman:** I wish you would give me the opportunity to make that judgement.

**Hon. Mr. Fulton:** I have the floor. I reject categorically this line of questioning to the deputy and this ministry. You know better, from personal experience, that we do not operate that way.

**Mr. Wiseman:** I do not, because it has never been done that way in the past.

**Hon. Mr. Fulton:** Right, and it is taking you a long time to get used to a new system, is it not?

**Mr. Wiseman:** It has never been that 30 per cent of your budget went out on special warrants.

**Mr. Hobbs:** It did not go out on special warrants. The authorization to carry on normal program expenditures was approved in a differ-



ent manner, because the way things were structured that year was totally different.

**Mr. Wiseman:** Why would they word it differently on your estimates then, call it something different from "special warrants"?

**Mr. Hobbs:** Because that is the formal. You yourself went and asked Management Board of Cabinet what a special warrant was. That is the formal, that is one means of approving expenditures.

**Mr. McGuigan:** If I can add my memory of pre-1985, when we in opposition used to go on fishing expeditions we were always slapped down and told not to come fishing with some vague form of accusation, saying perhaps there was this wrong or that wrong, but to come with a definite charge. I think if the member has a definite charge, he should make that definite charge and not be doing this pointless fishing. He has been around here long enough to know that.

**Mr. Wiseman:** I do not think I am fishing. I would like to ask the deputy just one more question. I know he has been—

**Mr. Chairman:** Just a minute. Are you finished, Mr. McGuigan?

**Mr. McGuigan:** Unless you are willing to make a definite charge and take the responsibility, I think this line of fishing has gone about far enough.

**Mr. Wiseman:** I think Mr. McGuigan knows I have been around here long enough. I am usually pretty fair, but when I think I am getting a snow job, I am not that way. I would like to ask the deputy who has been around quite a while: As far as you are aware, have you ever spent 30 per cent of your allotted budget in special warrants?

**Mr. Hobbs:** No, but the fact of the matter is that the way the process was handled was in terms of when the Legislature reconvened, and it was not sort of 30 per cent all at one time; it was under two sort of separate special warrant situations. In order to get on with our highway projects, we have to have authorization to spend early in the season or those jobs do not get done. Even though we had an indication of what our estimates were going to be, we did not have authorization because of the lateness of the Legislature coming back. I do not know how things got screwed up in terms of timing. All I know is what we had to do in order to get money to spend it.

**Mr. Wiseman:** The largest amount, and it was \$360-some million, you applied for on April 1 when we came back prior to the election, and that went through for a special warrant on April 1.

Then the second one did not go back until came back after the election, on November. The new budgets come out on April 1 somewhere after that, and the Treasurer brought out his budget before he went to people.

You had from the time in April we came to whenever we prorogued in June for election to finalize that without putting it through as a special warrant. Normally what we do close at Christmastime, start up in April or so go on. I just cannot follow you on that.

**1610**

**Mr. Hobbs:** As you are aware, there was a awful lot of uncertainty, and I am talking about this from a purely technical point of view in terms of what I have to do to ensure that our ministry operates and pays its bills. There was a lot of speculation as to when what have you was going to happen during that year, and a lot of the other things that happen in set time frames did happen.

On the advice of our financial people, who are responsible for ensuring that we do not get to into court because we cannot pay contractors consultants, we went the special warrant route in terms of April, May and also November, and there was nothing happening. There is no legal authority that exists. I told you earlier in fact in terms of our estimates for that year, we did even appear before this committee. It was an unusual year in terms of timing and the way the processes were carried out.

**Mr. Wiseman:** I do not want to prolong it, but can you tell me this? We may not deal with your estimates for the year coming until well into the season again this time. That does not mean that you do not have the authority to spend whatever the Treasurer allows you in your budget, does it?

**Mr. Hobbs:** Yes, there has to be approval by Management Board, either through interim supply or special warrants.

**Mr. Wiseman:** When they set your budget at the end of the year, you cannot pay anything for wages or anything, and go on and run as a normal business.

**Mr. Hobbs:** No, we have to have a formal approval in order to spend money through any of the three ways: estimates, interim supply or special warrants.

**Mr. Chairman:** I wonder if I can ask a question. I have been puzzling about this matter as I sit here. In all my years here and in my role in the Legislature as the Treasury critic, I have

ways thought that the supply motion, which is a three-month period, was designed to do exactly that, to allow the various ministries to lay their bills as we go. What I am confused about myself—I probably should know, but I do not—is why the supply motion would not cover this.

**Mr. Hobbs:** To the best of my knowledge, there was a problem in terms of the supply motion taking place. I am not sure whether you are going to run into this with some other ministries or not. I do not know precisely the technicalities and what happened with respect to that. We can certainly take a look at it. The point I would like to make is that we were informed that in terms of the way the process is handled by the Management Board, we did not have approval to proceed and therefore had to go for a special arrangement.

**Mr. Wiseman:** That is what I was getting at, Mr. Chairman, what you just mentioned. It will probably take place before we prorogue.

**Mr. Chairman:** It will for sure. Right now there is a supply motion covering up to the end of January.

**Mr. Hobbs:** I will read to you the note I have. It says, "The Legislature did not reconvene until after April 1, 1987 and, as a result, the usual interim supply motion could not be passed to cover the beginning-of-the-year expenditures." That is that straightforward in my notes.

**Mr. Chairman:** The supply motion may have covered only to the end of March so that expenditures from April 1 were not covered.

**Mr. Hobbs:** That is my understanding of what the situation was.

**Mr. Wiseman:** We started back shortly after that, and it seems like a heck of a lot of money to spend or commit in that short time.

**Mr. Hobbs:** It is not a lot of money to spend for a ministry with a budget of \$1.7 billion at that time. When our construction season starts, we have to be ready to start paying bills very early on, because everyone is itching to get on the job. That is when our heavy expenditures in terms of our highway construction begin and when we send out our first cheques, our first instalment, on our municipal road grants. Municipalities are sitting there waiting to get their initial expenditures, because they are facing the same construction season problem that we are.

**Mr. Wiseman:** I will do some more checking.

**Hon. Mr. Fulton:** Remember, most municipi-

palities do not set their own budgets till about the end of March, sometimes into April.

**Mr. Chairman:** Are there any other questions or comments? On all of the votes? I have no one else on the list.

**Mr. Wiseman:** Highway 16 has been in the news a lot. The mayor of Ottawa has mentioned it to me, and his concern that it should be four-lane. I have driven it quite a few times from Prescott across and an awful lot of people come from Toronto in that way. He seems to feel that it is a real necessity for him. I wondered what you could tell us about the timing of that. Is it on the books to build that to four lanes or at least start it four-lane and work it into Ottawa?

**Hon. Mr. Fulton:** It is on schedule from the Queensway 21 kilometres to Century Road which is, generally speaking, south of Ottawa. Our plan is that the two lanes of the four-lane section from there south of Prescott are, of course, in operation. Most of the property for the other two lanes, one just south of Century Road, has been protected. What the mayor is confused with is what we are doing here, which is estimates of what we have spent from April 1 last year to the present. That is the reason that Highway 416 was not in our opening comments of last week.

The construction has not started and so we have not spent any money, and there is a misunderstanding by Mayor Durrell on what was stated here the other day. A year or so from now, Highway 416 will be included in those same comments. Nothing has changed from our previously announced program of four-laning Highway 416 to Century Road and then carrying on from there to Prescott as soon as we can in the future.

The announcement has been made and the scheduling in that announcement is being met. Unfortunately, by the time it got from here to however it got to Ottawa, something was lost in the telling of the story and Mr. Durrell was incorrect in his comments to the media.

**Mr. Wiseman:** Coming up here, Highway 401 has got some real ruts in it. Many of the people who have travelled it tell me how dangerous it is. One of them, my colleague Mr. Villeneuve, was coming up this morning, and I noticed it last night when I was coming up myself.

I do not know whether it is just the wear on that section of highway. You have done a fair bit of repairs along there, but there is a section there that is really terrible. There is one coming east just on this side of Trenton past the two service



centres there. It will almost pull the wheel out of your hand sometimes, it is so rough. I guess the ruts are there partly because of the frost at this time of year, but it is rutty as heck; also up a little further.

We would like to see the work done there, but this past summer, for anybody that travelled that road the holdups and backlogs along there were really inconvenient. I just wondered if a little more consideration could be given on the weekends as to where they put the equipment and so on, to make it a little safer for some of the people who travel there.

There were long backups—I know you have to have some of that to get the repairs done, but I just wondered, first, about that really rough section there, what the time frame for that is; and second, if a little more consideration could be given to the motorist. I know it is hard at certain times when it is busy, such as the weekends, to let them through.

**Hon. Mr. Fulton:** We understand that the maintenance of the 401 is required for a number of reasons. One, of course, is the very fact that is getting on in years in terms of a provincial highway. It was 1948 when the first section of that highway, the Toronto bypass, opened. The area you are talking about is substantially somewhat less in age but has tremendous volume. Be aware that we are addressing across the province the need to maintain, with emphasis on the major freeway, which is the 401.

A substantial amount of maintenance money has gone into the 401 in the last two years because very little had been going into it in previous years. We have done some major rehabilitation work with respect to the rutting, which is a great concern to us.

In the general area you are talking about we rebuilt and rehabilitated six structures west of Kingston this past year. We did some resurfacing in the general area. We are aware that some of the rutting in the Trenton-Brighton area surfaced fairly late in the season. Certainly, there is that and another couple that the ministry is aware of even closer in Durham. We have done some eastbound resurfacing in Durham and there is some further work to be done, particularly westbound.

In the area you are talking about, we have been addressing the bridges which were the first priority; there were six of them. I think generally our contractors and our staff handled the traffic flow reasonably well. Obviously, if you are going to do that kind of work, not only is the

safety of the truckers required but also certainly that of the workers.

**1620**

For the people on the road those barriers have to be placed, and given the nature of a bridge, it is very difficult to add a lane to the outside ramp of a bridge. Obviously you are going to be shut down for, hopefully, brief periods of time. We have addressed that with great care and sensitivity. We have demonstrated with the maintenance of the 401 within the Metro area in particular, trying to maintain traffic flow as well as possible.

**Mr. Wiseman:** Could you give me a time frame for that bad section? Is it in the books for this summer?

**Hon. Mr. Fulton:** It is certainly in the books. I do not know whether Mr. Kelly has specific information about that area. I think it is the Trenton-Brighton westbound that is the particular area in question.

**Mr. Wiseman:** It is down more on this side of Trenton, near where those two service centres are. That is a pretty rough spot. Then there is even more this way.

**Hon. Mr. Fulton:** There is another one close to Cobourg, as I recall.

**Mr. Wiseman:** I do not think it is as bad as the other way, though. You get a good road and then you get a bad spot and you forget exactly where it was, but I know it is right around those service centres.

**Hon. Mr. Fulton:** You have noticed, though, that they do not relate to ridings, do they?

**Mr. Wiseman:** No. A lot of people have asked me when that might be on the books. They were hoping it might be this summer.

**Mr. Kelly:** It is not on this summer. We have done about 50 miles this year and something like 20 bridges on the 401 down to Kingston and the Port Hope area. I will have to check the exact location with Mr. Wiseman to determine where it is on.

**Mr. Wiseman:** You should have a look at that, because honestly the way those trucks come up there and the weights they have, I do not know how much longer it can take the loads and stay safe. It has really got ruts in it like nobob business.

**Hon. Mr. Fulton:** I know from personal experience of driving the road—I have mentioned it and know the staff were aware of it—I do think that some of it did occur for some reason fairly late in the season, especially westbound, particularly on the shoulder lane. I think we are talking about roughly the same area.



**Mr. Wiseman:** I think my colleague wants to go on, so I will stop.

**Mr. Chairman:** I will put you on the list.

**Mr. McGuigan:** While we are doing wide-ranging things, I have a safety matter I would like to bring to the attention of the minister. It is kind of a long story. I was travelling in Scotland with a government person who was showing me around the country. I could understand why Jackie Stewart, the great race driver, got his training and abilities in Scotland. This was back in 1966. We were on a two-lane road, we came around a corner quite fast in one of those little cars and there was a truck covering the road, fence to fence. Of course the fence was a stone fence. There was no shoulder, so all we could see in front of us was the gaping hole underneath the truck. I was sure we were going under. It was my first introduction to front-wheel disc brakes, back in 1966.

**Hon. Mr. Fulton:** Were you driving with Jackie Stewart? Is that what you said?

**Mr. McGuigan:** I thought I was.

**Hon. Mr. Fulton:** Oh, like Jackie Stewart.

**Mr. McGuigan:** I thought I was driving with Jackie Stewart. Every driver over there thinks he is Jackie Stewart.

**Hon. Mr. Fulton:** You might want to wait until the deputy gets back. He has had a lot of experience driving in Scotland.

**Mr. McGuigan:** I had visions; I was sure we were going under this truck and that we would be killed. He managed to stop inches from the truck. Four or five years ago my brother talked about his experience on Highway 40, just where it connects with the 401 north of Blenheim. There is a Ministry of Transportation yard there. At night, there was a truck delivering salt to the yard. The gates were closed. The fellow was in a hurry to find some way to open the gates. In the meantime, his truck was crossways of the road. My brother nearly went under, but he did not.

Backtracking a bit here, I came across a scene where a man had been killed on county road 10 just north of where I live. A trucker was backing his trailer into his own yard at night because there was not an adequate place for a truck to go in and turn around. He parked on the shoulder and then backed into his own yard. A car came along, went underneath it and the guy was killed.

About three years ago, there were two motorcyclists in Essex county on county road 42 who came across a truck that was parked trying to get a gate open. Again it was at night. The two motorcyclists were a man and a wife who hit the

truck and were killed. This fall, south of Chatham, there was a truck crossways of the road and again a man was killed. A motorist in a car went underneath the truck.

What I am coming at is the increased number of trucks that are going to be on the road. There are predictions of increases, through reregulation. Some people say an increased number of those will be older drivers who wish to park where they live because they want to get up in the morning at four or five o'clock when they are going on the road, get in the truck and go. It seems to me we are going to have an increasing number of trucks that are in that sort of situation. One of the answers you get is to put all sorts of lights on them, light them up like a Christmas tree so you can see them. I think that in some instances that would be counterproductive. It becomes confusing when you see what might be Santa Claus or somebody coming down a road with his four reindeers and all the lights that are on it.

One of the things I learned from studying the injuries and fatalities in mining and so on—the chairman would appreciate this—was that one of the ways of dealing with accidents is to eliminate the cause rather than try to patch up ways of continuing with the process. For any accident the real positive way is to eliminate the cause. I think we really should be looking at—

**Mr. Cousens:** On a point of order, Mr. Chairman: I have great respect for Mr. McGuigan. Is there a question here? How does this fit in with estimates? I know the parliamentary assistant has good access to the honourable minister in many other ways than the time he is using for this important point. Could it be handled maybe at another time?

**Mr. McGuigan:** Okay; I will speed it up. I wanted to get on the record that there is a concern, certainly where I come from, with trucks at night being crossways of the road and accidents happening. The question is, would you take a special look at this with a view to trying to find ways of avoiding it?

**Hon. Mr. Fulton:** Yes, we would. I think you are talking about the number of lights on the sides, the rear and other locations on the tractor trailers, if I understand you correctly. The standards are established by the federal government. I might ask Margaret Kelch, the assistant deputy minister responsible for safety and regulations, if in view of the question she has any comments she would like to add.

**Mr. McGuigan:** If I can just correct the minister to some extent, I am not so concerned

with lights. I am concerned about two things. One is locked gates that inadvertently catch a truck crossways of the road. You cannot get the gate open to get off the road. The other thing is whether or not people should be backing off two-lane roads into narrow driveways at night.

1630

**Hon. Mr. Fulton:** On the issue of the gates, you had a specific incident some time ago that I think involved ministry property, as I recall. We have dealt with that. I would wonder, though, whether municipal bylaws might not be the best vehicle to prevent the situation you are referring to. They would have the ability to prohibit trucks of certain length and/or weight, as they do in the urban areas. Certainly in Metropolitan Toronto and member municipalities—I have forgotten; Mrs. Stoner, you might be able to help me—I think it is something in the range of 10,000 pounds now or 7,500 pounds that you cannot legally park commercial vehicles in certain residential areas. That would prevent the problem in the first instance.

**Mr. McGuigan:** This is largely in rural areas.

**Hon. Mr. Fulton:** But still the municipalities probably would have the power to restrict parking of commercial vehicles, particularly if it is a hazard. They certainly have the power, under the Municipal Act, in urban areas. I do not know that there is any variable with respect to the—

**Mrs. Stoner:** They do in rural areas too, and if required they implement it.

**Hon. Mr. Fulton:** I think that is within the jurisdiction existing under the Municipal Act for the municipalities.

**Mr. McGuigan:** Would backing off the road come under parking? The truck is not parked; it is in the process of backing off the road, a very slow process because it is backing into a narrow driveway. They can take three or four minutes going back and forth. Often these roadways are muddy and whatever. There is a fair bit of time involved. It can be that split second when you come along and suddenly, without much warning, there is a truck crossways in front of you.

I know you can make the argument that you should have your vehicle under control at all times, and you should, but at the same time it is sort of an accident waiting to happen.

**Hon. Mr. Fulton:** I am not sure if there is a regulation under the Highway Traffic Act that would prevent a commercial vehicle of that size from backing up unassisted. Certainly, a lot of other fleets and many responsible operators would ensure that there is a flagman or somebody

at the back of the truck in addition to the sign that are currently available—noisemakers want of a better word—when you shift a vehicle into reverse, aside from the backup light; that sort of thing. It is certainly an area of concern to you and we would be more than happy to pick it up with the appropriate staff and see if there is anything further that can be done from that perspective.

**Mr. Cousens:** Could the minister give me some background on Highway 407. I have a number of questions I would like to ask on that. In your opening statement you referred to Highway 407. You indicated there was a cost overrun of approximately \$17 million. I guess what I would like to do is find out how much money the ministry has spent so far on Highway 407, what your plans are for the next five years, and maybe if you could just give some review of the project then I can ask some further questions.

**Hon. Mr. Fulton:** I do not recall making any reference to a cost overrun of \$17 million.

**Mr. Cousens:** "Expenditures on these roads expansion"—oh, you are saying it is \$17 million over for several different expansion programs on page 11.

**Hon. Mr. Fulton:** It did not say "cost overrun"; it says the expenditure has increased approximately \$17 million for a number of years.

**Mr. Cousens:** How much of that is going to Highway 407?

**Hon. Mr. Fulton:** I am not in a position to say specifically, but I certainly could find out for you. Highway 407 is of course a highway project that as you would know was on the books some 30 to 35 years. In July 1987 we actually started construction, as I mentioned to you earlier.

**Mr. Cousens:** I was there for the sod turning in fact.

**Hon. Mr. Fulton:** Yes, at the north end corner.

**Mr. Cousens:** I had no role to play.

**Hon. Mr. Fulton:** You were late coming in why.

**Mr. Cousens:** No, I was there before that was started.

**Hon. Mr. Fulton:** I remember it very well.

**Mr. Cousens:** I had been there for years before that was started.

**Hon. Mr. Fulton:** In fact, the sod turning did not take place on the platform. You were not getting there. That is why you were not up there.



if you would like to make a speech now, I am quite prepared to sit and listen.

**Mr. Cousens:** No. How many dollars have been spent so far on Highway 407? What is the total and what do you plan to spend in the next five years?

**Mr. Hobbs:** The expenditures to date have been roughly \$30 million. For the estimates period we are dealing with here, in terms of 1988, we are talking about \$19.5 million for the current estimates. For the next fiscal year it is about \$23.9 million. In 1990, the expenditure goes up to \$33 million; 1991, \$36 million; 1992, \$22 million; and 1993, \$48 million.

**Mr. Cousens:** In 1993, \$48 million?

**Mr. Hobbs:** The total expenditure by the time of the first phase—

**Mr. Cousens:** What was the total? I do not have a calculator.

**Mr. Hobbs:** I do not have that total here.

**Mr. Cousens:** How much would have been spent then, from the beginning to the end of the period you have just reviewed? What would be the total?

**Hon. Mr. Fulton:** Including the major structure at Highway 400 and Highway 7—it is not completed but the span is now in service east-west, that has been open for a short while. That intersection alone, as you and I have discussed previously, is in the range of \$55 million.

**Mr. Cousens:** I want to sort out a few things so I know where we are.

**Mr. Hobbs:** Phase one is Highway 427 to Dufferin Street. Phase two is from Dufferin to Highway 404. Phase three would be Highway 404 over to Highway 48 and beyond.

**Mr. Cousens:** What would be the total cost to the ministry of phase one of Highway 407?

**Mr. Hobbs:** Including inflation and property, we are probably looking at about \$300 million.

**Mr. Cousens:** Is that money yet to be spent or money that has already been spent?

**Mr. Hobbs:** That is money yet to be spent. We are only into year two of actual expenditures on Highway 407.

**Mr. Cousens:** When do you see phase one being completed?

**Mr. Hobbs:** Phase one will be 1996.

**Mr. Cousens:** When you say \$300 million, that covers what you have to spend between now and the end of 1996 in order to have it done. How

much would you see spent on phase two in today's dollars?

**Mr. Hobbs:** It would be \$210 million.

**Mr. Cousens:** When do you see that one being completed?

**Mr. Hobbs:** It depends. I cannot give you a precise answer on that because we are trying to look at some of the ways in which we can do these things. Instead of sequentially, perhaps we can arrange our financing to try to get work going on two phases at a minimum, either overlapping or at the same time.

**Mr. Cousens:** Like something at Yonge Street, which is going to be a huge intersection.

**Mr. Hobbs:** Yes. In terms of discussions with the Treasurer (Mr. R. F. Nixon) and in terms of looking at our own sources of internal funding and what have you, we are looking at ways we can accelerate that second phase, because the number of breakdown points in Highway 7 around there—what the technical people call breakdown points—is getting to be quite enormous.

**Mr. Cousens:** I know you know that too. What is phase three going to cost us? What is phase three again? I am sorry.

**Mr. Hobbs:** It is from Highway 404 to Highway 48 and beyond. We do not even have a physical delineation of where phase three ends. The ultimate plan—

**Mr. Cousens:** It could be the Scarborough expressway.

**Hon. Mr. Fulton:** There is no Scarborough expressway. You mean the East Metro Parkway.

**Mr. Cousens:** That is exactly what I meant.

**Mr. Hobbs:** The ultimate plan is to put it over in the vicinity of Peterborough.

**Mr. Cousens:** What is your plan farther west? You have Highway 404 going to Highway 427. Do you have any plans that take it beyond that point?

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**Hon. Mr. Fulton:** Eventually, it will connect with 401 in the area of Milton.

**Mr. Cousens:** Where did the figure come from that the 407 was going to cost \$650 million? Is that the original figure that was bandied about? That was going to be from 404 to 427. That was my understanding of it. I am having to clarify certain numbers in the way you are breaking it up. Maybe we are talking today's dollars, which means it is going to go up and it is hard to know—



**Mr. Hobbs:** It is not totally out of the ballpark in terms of current phase one and phase two. It is a little bit more. I have not heard that precise number, but this thing has been on the books for 10 years, so every time somebody puts a number out it has been on the basis of no detailed design and with speculation on that year's prices for land. The current numbers are the best ones, obviously.

**Mr. Cousens:** That is why I want to get mine updated. I guess phase four would be the section from 427 over towards Milton. Would it be fair to say that? I guess what I am really looking at is phase three and future—

**Hon. Mr. Fulton:** Actually, I guess it would be Highway 427 and Highway 10, and then Highway 10—

**Mr. Cousens:** Okay; that is true too.

**Hon. Mr. Fulton:** It could be two sections.

**Mr. Cousens:** It could be two sections.

**Hon. Mr. Fulton:** As you would be aware, there is no unanimity between the region of York and the region of Peel, or indeed the region of Durham.

**Mr. Cousens:** It has to be a major thorn in your flesh, what is left of it. What I want to ask, then, is what have you done or what are you planning to do to get the property in place for those stages? Maybe you could give me an update on what is happening in that regard for the future beyond 404 to 427.

**Mr. Hobbs:** Over to Highway 48 we either have property or are in a position to get it because it follows the parkway belt. There are still some pieces of property for phases one and two that have to be negotiated. Beyond Highway 48, we have gone down to request approval to go out to the consulting community with requests for a proposal to look at what is required as far as the alignment from Highway 48 east beyond Seaton is concerned. That is actively being pursued right now.

**Mr. Cousens:** Could you tell me the stages that have to take place? You would have a consulting contract to define the lands you need to have and then proceed over a period of years, I would think, to acquire and gain access to those lands; that would be part of the long-term planning process that goes into it with the province and the municipality.

**Mr. Hobbs:** Following the environmental assessment process.

**Mr. Cousens:** A man in your position has to be very sensitive to the environmental aspects.

**Hon. Mr. Fulton:** A man in his position paid a healthy fine for not following the process.

**Mr. Cousens:** That is what I was thinking.

**Mr. Hobbs:** We are making sure that there are no roses or whatever in the way.

**Mr. Cousens:** I will not plant anything in your way, I promise you.

**Hon. Mr. Fulton:** A man in my position paid a like amount.

**Mr. Cousens:** I am interested in knowing when there will be some sections open for use. What do you see as the first section of the road to be open for use?

**Mr. Hobbs:** Phase one, but not until phase one is completed. There may well be sections open over around 400, but in order to get utilization of the first phase over to Dufferin has to be completed before you get the full benefit.

**Mr. Cousens:** How does the ministry rate Highway 407 compared to other road requirements around the province? Do you have some rating system that says a certain road system is priority A, then others are priority B, so I can see where Highway 407 has a priority to it? The worry I would have is that it might have the same level of priority as Highway 69 to become a four-laner.

**Hon. Mr. Fulton:** I was going to say it is a higher priority than the highways that we have not started. I do not think we rate them numerically or alphabetically. I think there is a pretty good understanding across the ministry where the needs are. We had meetings earlier: a question before you arrived today with respect to Highway 16 and Highway 416 in the Ottawa area. Your colleague probably considers that to be more important than Highway 407. Depending on where you live and where you do business in this province there is a range of priorities.

**Mr. Cousens:** I am asking an interesting question. I am trying to see if you have any view of saying these are the ones that are class 1 priority and these are class 2, or class B or whatever. There is not such a rating.

**Mr. Hobbs:** We have technical ratings. There are two categories or areas where we put money in terms of roads. One is in rehabilitation and operational improvements and that sort of thing to existing highways. Then there is what we call system expansion, which is essentially new highways. We are constantly monitoring traffic levels on highways in the Ottawa area, the Toronto area and throughout the province, and when it comes to system expansion it is very high.

ay that Highway 407 has a higher priority to ple in Thunder Bay than improvements to the ension of the Thunder Bay expressway. In the ional context, that may have just as much ority as Highway 407.

What we attempt to do on a regional basis ler system expansion is ensure that there is a nced allocation of the funds throughout the ovince. But we do have our technical ratings, l obviously from the standpoint of Highway 7, particularly in the area around Highway 7, it is related to the number of technical ckdown points along existing Highway 7 and o the growth that has taken place. It is not nething where you can rigidly apply a formula d say definitively, "This is number one and this number two."

**Mr. Cousens:** I am asking out of a need for owledge. If you are able to obtain more nding from the Treasurer in your battles—and I ow the minister is constantly trying to increase e amount of funding available for projects—that would be the next stages on which you ould try to have parallel programs going on ghway 407? What would be the next stages at you would try to implement? Will you be ing east or west from Highway 400?

**Hon. Mr. Fulton:** That is a good question. I ink it might be driven by the availability of roperty being coincident to the availability of nding. I am not sure just what direction; it may rhaps be westerly.

**Mr. Hobbs:** From a standpoint of prepared- ess, we are in a better position to proceed with hat we have described as phase two than with ay of the other, just from the standpoint of here the alignment is, what property may have eady been purchased and where we are in rms of those particular requirements and hatever sort of preliminary design has already een done and is usable.

**Mr. Cousens:** You are still really looking at 04 and 427 as phase one and phase two, to wrap ose up.

**Mr. Hobbs:** With phase one, we are in there. e cannot back out of there without leaving an vestment that is useless.

**Mr. Cousens:** Do you have any date as to hen Highway 407 will be open for phases one nd two? Is there any date that you have?

**Hon. Mr. Fulton:** Phase 1 was announced for 996. Under current levels the second phase is 999.

**Mr. Cousens:** Has anyone done an analysis of he money that is being lost in south York region

and Metropolitan Toronto by not having that road finished faster? Have you been updated on that through the Urban Development Institute and some of the other groups?

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**Hon. Mr. Fulton:** I am not aware of any study or investigation specific to that corridor. I am personally very aware of the incredible growth in demands out there. There has been a study with respect to congestion overall in the greater Toronto area, which you would be aware of, put together by the Better Roads Coalition, the Ontario Trucking Association and other interest- ed parties, reflecting about \$2 billion a year, and I suspect counting. Just how far outside of the Metro core they went I am not quite sure. No one has disputed that figure.

**Mr. Cousens:** For every dollar that is spent on road construction has there been any study—and I am just asking because you are much closer to this than I am—on what percentage of those dollars goes back immediately into the total economy and so on?

**Hon. Mr. Fulton:** There was some study done by some people at the ministry; in fact by someone who has since moved on to another ministry. There is a very definite rippling effect for every dollar we spend. It goes around and around. I do not have the figures, other than that in the first instance it is something like another \$1.50 that is reinvested in the economy. We are very aware of the economic component of how we spend what we spend, both in direct and indirect job creation.

To give an example, a chap I talked to up in the Ottawa Valley some while ago had a fairly substantial contract he was doing, but it necessi- tated the purchase of two \$400,000 pieces of equipment from some local dealer. As a result of that, he needed a mechanic and a couple of other maintenance types to take care of the equipment, notwithstanding the numbers of men he was actually putting on the project. He indicated to me at the time—which resulted in my original questions to begin with—something like 40 employees per \$1 million of ministry contract award.

**Mr. Cousens:** Is there a study that was done on that? If there is, could I get a copy of what it showed on the return and the rippling effect that you just described?

**Hon. Mr. Fulton:** I would not call it a study. It was a response to a question I had to a particular employee with the ministry who knew about those things, but she has since been moved



to another ministry. If there is anything available I will be happy to pass it on.

**Mr. Cousens:** I would be more than a little interested in that.

Mr. Chairman, could I ask questions I have on some other matters, unless others have any questions they want to ask?

**Mr. Chairman:** I think Mr. Tatham had a question; then we can come back to either you or Mr. Wiseman, whichever you want.

**Mr. Tatham:** I just want to try to get through my head some of these costs. We build roads to take motor vehicles and motor vehicles seem to be getting heavier. What is the maximum gross now?

**Hon. Mr. Fulton:** Margaret, is our maximum gross weight for commercial vehicles 168,000 pounds?

**Ms. Kelch:** It is 63,500 kilograms.

**Hon. Mr. Fulton:** What does that work out to?

**Ms. Kelch:** It is 128,000 pounds, plus or minus.

**Mr. Tatham:** Do we build all our roads to that standard?

**Hon. Mr. Fulton:** I think fundamentally you build the bridge to the standard for your maximum allowable weights and then you work backwards from your structures.

**Mr. Tatham:** Do the trucks pay their share of the costs of building these bridges and these roads?

**Hon. Mr. Fulton:** The trucks pay a substantial fee for registration and licensing. One might argue from time to time and place to place whether or not they are responsible for a greater share of wear and tear on the roads, or equally the increased number of passenger vehicles.

**Mr. Tatham:** In view of the fact that there seems to be an increase in trucks and a decrease in rail, do we go on to build more highways for bigger trucks?

**Hon. Mr. Fulton:** There has also been a corresponding increase in the number of passenger vehicles.

**Mr. Tatham:** Right, but I imagine you can drive a passenger vehicle on less tar and smaller bridges than you can trucks.

**Hon. Mr. Fulton:** I am not in a technical position to answer the question of what kind of road base you need for what weight of vehicle. Mr. Kelly is the expert. I was going to say he is more of an expert; I am not going to say that. He

may be able to attempt to answer that kind of question.

**Mr. Chairman:** Mr. Kelly, want to try?

**Mr. Kelly:** When it comes to the structural design of highways, the real problem in Ontario is the freeze-thaw. Eighty-five per cent of damage is done because of freeze-thaw.

**Mr. Black:** Ninety-five in Muskoka.

**Mr. Kelly:** Ninety-five in Muskoka. The other 15 per cent is done by vehicles on the highway system. When it comes to the granular base that we put in the highways, we have to strengthen the top course of our pavement to handle high-pressure tires on vehicles, so it is not top two or three inches we address. The bridges are a controlling factor; we design the bridges to make sure they carry the heaviest loads that could possibly cross them.

**Mr. Tatham:** Have we ever done a study to see whether in some instances where there is just tourist traffic—although I know you have to get goods and services up there, we always have to build the road to support the heaviest vehicle that is going to use it?

**Mr. Kelly:** We build the roads basically to accommodate the freeze-thaw conditions so they will not fall apart just sitting there.

**Mr. Tatham:** In other words, you still have to build it to take the weight of the heaviest vehicle?

**Mr. Kelly:** We have to make sure the top three inches can take the weight of the heaviest vehicles' pressure tires on the surface.

**Mr. Tatham:** And I suppose as far as the radius of the turn and things of that nature are concerned—

**Mr. Kelly:** We have to provide radiuses that will accommodate commercial vehicles rather than cars.

**Mr. Tatham:** What are we doing in Ontario? Are we going to be building more highways, bigger highways and heavier bridges as time goes on? Are we ever going to go back to trains and encouraging the use of trains?

**Mr. Hobbs:** I do not think we are looking for any substantial and radical changes in terms of our highway system in order to accommodate larger and heavier trucks at this time. That is a massive undertaking, to essentially retrofit. You can see the kind of problems of trying to do something like that with the Queen Elizabeth Way, for example.

The basic width of a highway lane has changed dramatically since Roman times. The basic features of highways were designed a long



ago and things have simply been developed  
ce then to accommodate a lot of these widths  
d things which were already built, based on  
me very basic dimensions which were built  
o the highway system. There have been a lot of  
erational improvements and changes.

**Mr. Tatham:** I think you mentioned that 30  
r cent of our traffic now is trucks and there is  
ing to be an 80 per cent increase in the next 10  
ars.

**Mr. Hobbs:** On some sections of Highway  
01 and the Queen Elizabeth Way.

**Mr. Tatham:** I had a phone call this morning  
om a trucker, because we have had three people  
lled with trucks in the last month and the  
ghway is busy. Has there ever been any thought  
building roads just for cars?

**Hon. Mr. Fulton:** I guess the only place you  
ave those are some scenic parkways like the  
iagara Parkway, the St. Lawrence Parkway,  
e National Capital Commission Parkway and  
e road along the Rideau Canal, but I am not  
ware of any provincially owned and operated  
cility that is limited other than for some  
mergency reason.

**Mr. Tatham:** I think the thing is that in our  
unicipalities we usually build a truck route  
rough a municipality. Should we in Ontario be  
inking of building truck routes for trucks to go  
om A to B and have another area for cars? I just  
wonder how long we go on. As some people have  
estimated to me it is no longer a pleasure—not that  
ever was much of a pleasure to drive a car—to  
rive through with all the trucks in competition  
with the cars. I wonder whether we should be  
trying to separate those.

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**Hon. Mr. Fulton:** There are designated truck  
outes but they are not restricted to trucks only. I  
am not aware of any study or investigation  
anywhere in the world that has limited parallel  
oads, in effect one for trucks or commercial  
ehicles and one for other vehicles, starting at  
point A and going to point B. It is one thing to get  
ruck movement into the Toronto area, as an  
example via Highway 401, but what do you then  
do with them if they are limited to a particular  
oute? How do you offload the contents of what  
they are delivering?

**Mr. Tatham:** Life is not easy; we know that.  
At the same time, with the fact that we see this  
coming what are we going to do? How do we  
address the problem of more and more trucks?  
Do we just say, "Okay, that's the way it is going

to be," or should we be looking at some other  
method of moving people?

**Hon. Mr. Fulton:** You are aware, particularly  
with your interest in rail, electrified or otherwise,  
that we are working closely with Canadian  
National-Canadian Pacific, Algoma Central  
Railway and others which are attempting to  
rationalize, and in some cases have rationalized,  
their freight and passenger lines. Again, a rail  
line is not going to work everywhere. They are  
not economic as they are now, so we are told, and  
they are attempting to downsize them over the  
next considerable period.

**Mr. Tatham:** We are abandoning the rail  
lines, yet—

**Hon. Mr. Fulton:** Let's be clear. We, the  
government of Ontario, are not.

**Mr. Tatham:** I say "we" as people—federal,  
provincial, municipal or whatever—we as citi-  
zens say to our elected representatives, "We  
don't need those rail lines any longer." Then we  
have to put on more trucks and we have to build  
more roads. I just wonder whether we have ever  
really looked at this over the long term; the  
degradation of the environment as far as acid rain  
and all the things that come out of automobiles  
and trucks are concerned. Should we be thinking  
of this in the longer term? Because we cut them  
off and then down the road we say, "We should  
have left that road a little for future rail travel."

**Hon. Mr. Fulton:** I think that is generally the  
thrust we are taking in our efforts where we  
intervene in any way with respect to a rail  
abandonment. We are also concerned, when the  
service is eliminated, with what happens to the  
right of way. We do not necessarily want it sold  
off to the adjacent owner for the growing of  
strawberries or other recreational use in each  
instance. There may be other transportation uses  
that may be at some point reinstated in that  
corridor. We are looking at that.

**Mr. Tatham:** About 20 or 30 years down the  
road?

**Mr. Cousens:** On a point of order, Mr.  
Chairman: I find the estimates very important for  
the opposition to have an opportunity to address  
questions to the minister, yet I am seeing the way  
this estimate is running, with almost equal time  
for government members and opposition mem-  
bers, and I am wondering—

**Hon. Mr. Fulton:** Opposition members had  
39 consecutive questions on Thursday.

**Mr. Cousens:** With all due respect to the  
process, I was asking the question of the  
chairman and not you for a change. I am just

wondering whether there is going to be a block of time for our member or myself to ask some questions. Would it be fair to apportion certain things? I know I am late coming into this, but I really question the process.

**Mr. Chairman:** It is not up to the chair to determine what kinds of questions are asked or answers given.

**Mr. Cousens:** I know it is not, but normally the committee will have decided that the time would be broken out among the parties.

**Mr. Chairman:** Perhaps because you were not here before—and I am not saying that in an accusatory way—

**Mr. Cousens:** I know you are not.

**Mr. Chairman:** —the opposition has had much more time to question the minister, and I think your colleague would support that, than government members have had opportunity to ask questions dealing with their own areas. To be fair, estimates are a time when government members have a right to question the minister as well, more so than in the House. I do not think it has been done unfairly. We actually do have a breakdown of the length of time. We can get the clerk to give that to you if you like, if she adds them up. But I do not want to prolong this debate. I would rather get on with questions. Mr. Tatham, had you finished your questions?

**Mr. Tatham:** I just wanted to point out that in our society we all get tied up with going from A to B as quickly as we can and we sometimes lose the long-term consideration of how we move people rather than moving one or two tons of machinery down the road.

What should we be doing? Maybe I am dreaming a little, but I think we have to dream a little as far as how we get people from A to B is concerned and how we develop our province.

**Hon. Mr. Fulton:** I do not want to prolong this, but I want to point out to the member for Markham (Mr. Cousens) that the very issue of rail line abandonment is one his colleagues have asked me about on several occasions. I believe Mr. Wiseman had a particular interest last week with respect to the Rideau or one of the other lines, so it is a very fair question that has been before this committee.

**Mr. Cousens:** I did not discount that, and not for a moment would I have said that of Mr. Tatham.

**Hon. Mr. Fulton:** Mr. Tatham has had a long-standing interest in this particular issue. He has raised the question in the House and in other forums. As you are aware, we have been dealing

with the federally chartered railways with respect to the Quebec-Montreal-Toronto-Windsor corridor and high-speed rail as one alternative continued expansion of the highway network.

You may be aware that we met with delegation from western Ontario with respect to starting up or maintaining rail service in western Ontario in the area of Owen Sound, do Goderich way; I have forgotten the exact geography. The matter also come up when we were last in Perth, and subsequent to that we met with folks in the area of Lanark and others. We have an interest, but we are not in the railway business as such. We certainly have an interest in sustaining levels of service and working with interested parties to see where freight and passenger service can be introduced, reintroduced or maintained.

Certainly it is in our interest to lessen the demands on the highway network, whether it be simply the wear and tear on our existing facilities, or in the case of the highways we have discussed here today, Highway 407 and 16 and others, to not have to invest substantially in new highways or highway expansion.

**Mr. Tatham:** I just conclude with that thought. Other countries of the world are looking at it and they are using rail to a greater extent than we are. Of course, in many cases they have more people closer together; but I think, particularly in southern Ontario, we should be paying attention to the matter of movement of people and in that regard I think rail should be given more consideration than it has had.

**Hon. Mr. Fulton:** I know that countries like Germany, France, Japan and others have high speed rail, electrified or otherwise, and I know there has been some Canadian involvement with the recently opened line in France, Paris to Lyons, to see whether that kind of technology would work here. Beyond that, and in terms of previous comments I and others have made, I think there is not a great deal else we can do at this time.

**Mr. Chairman:** We have a number of members who still wish to engage in debate.

**Mr. Wiseman:** I wanted to go back to specific warrants again, to the matter the chairman and I were talking about, because I sent out and found out what happened in that particular year. We came back and sat until February 14, and at that time the Treasurer asked for—

**Mr. Chairman:** I am sorry to interrupt you, Mr. Wiseman. Would you prefer to wait on that question until the deputy is here? It is up to you



**Mr. Wiseman:** All right.

**Mr. Cousens:** The minister gave a speech to Board of Trade of Metropolitan Toronto on September 6, 1988. He made reference to a ministry study on the public's attitude to transportation. Could I have a copy of the study referred to in that speech?

**Hon. Mr. Fulton:** Yes. I do not see a problem.

**Mr. Cousens:** What are some of its major recommendations? Was that generally circulated?

**Mr. Hobbs:** Yes.

**Mr. Cousens:** Are you acting on any of the recommendations which came out of that? Which ones are you responding to?

**Hon. Mr. Fulton:** I think overall we are attempting to change public attitude with respect to the requirements of this ministry dealing with the whole questions of congestion, the cost of congestion, raising the profile of transportation within the structure, political or otherwise, of the government and the federal government, and gaining recognition of the needs for a transport ministry as a social component, as are health, education, welfare, social services and so on.

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**Mr. Cousens:** If I can get a copy of it that will be very useful to me. I did not know it was readily available.

**Mr. Hobbs:** We are trying to incorporate into our planning in a variety of ways either a sensitivity to some of the attitudes which have been expressed or a look at whether we should be doing things somewhat differently or adapting some of our practices. These surveys, as you are aware, are all a little soft in a sense, but certainly we are trying to be as sensitive as we possibly can to some of these softer things in planning our highways, as opposed to simply going on a purely technical, statistical approach to the planning and construction of transportation facilities generally.

**Mr. Wiseman:** I want to go back to the special warrants again. I checked to find out about what the chairman and I were speaking about, if the Treasurer really did get permission to pay the bills. That year we sat until February 12 and came back on April 28. You only asked for about \$9 million to run the ministry in the time from February 14 until March 31. If this additional money was really needed, why did you not ask the Treasurer for it?

You told us you had to have this special warrant for the construction of new roads, commitments to them and everything of \$366,700,000. That was even a shorter period of time than normal. Normally we prorogue at Christmas and do not come back until some time in late March or early April after the spring break. That particular year you only had six weeks to deal with. It makes me even more curious about this amount of money when I see the time frame.

I believe you said it was peculiar that year in that there was no special permission given to the Treasurer, but my staff found out there was permission given to him.

**Mr. Hobbs:** There was an interim supply measure that carried through until the end of March. The chairman is absolutely correct in his assessment that spending was authorized until the end of March. Because there was uncertainty about when the Legislature would reconvene, the Management Board of Cabinet made a decision to finance the expenditures of all ministries for April and May by means of special warrants.

For ministries such as Municipal Affairs, Environment, Natural Resources, all ministries, the first two months were financed by a special warrant that covered the two-month period. As you pointed out, the Legislature came back on April 28. It was far too late for us or any ministry to be able to finance our normal expenditures without any approvals of any sort.

On May 1, there was a motion of interim supply which carried through until August. In August, there was a motion of interim supply which carried through to October 31. Because of the fact that the election was on and the House was not in session, special warrants were provided again for all ministries to cover expenditures for the month of November.

As I indicated, it was unique. It was dictated by when the House was or was not sitting and therefore unable to pass supply motions.

**Mr. Chairman:** Could I ask for a clarification there? You said there was an August supply motion?

**Mr. Hobbs:** Yes, that is what my notes indicate.

**Mr. Chairman:** The Legislature was not in session in August.

**Mr. Hobbs:** Then it may well have been from May through October 31.

**Mr. Chairman:** It may have been. I think that was what happened.



**Mr. Hobbs:** There is a question mark beside August here.

**Mr. Wiseman:** We prorogued June 29 of that year for the election.

**Mr. Hobbs:** That is the sequence of events, and it applies to all ministries.

**Mr. Wiseman:** I still cannot get over the fact that all that money would be committed in the first three weeks of April or so. When the government sets the time frame for when we come back around here and knows when we will be back, it is different. They knew it would be April 28 that we would come back and sit. Why they would put it through for April and May—

**Mr. Hobbs:** I cannot answer that. All we were informed was that this was how we were going to be funded for our expenditures for April and May.

**Mr. Wiseman:** I know just from experience of going to Management Board, how you have to prepare before you go and get on Management Board's agenda, that there is usually a long time of working it up with its officials and then actually getting there. It makes me curious and suspicious as heck if it was not what I had suspected in the first place. I know the minister frowns on that, but if he were sitting on this side he would do the same.

**Hon. Mr. Fulton:** I have trouble when the member uses words like "suspicious" of the way things operate. Maybe things have changed from the time when he was Minister of Government Services. Maybe we have a little more efficiency, a little more co-operation among the ministers.

**Mr. Wiseman:** Management Board works the same way.

**Hon. Mr. Fulton:** It may have taken you for ever to get to Management Board. I am afraid it does not take us that long.

**Mr. Wiseman:** I sat on that for a while, so I know how long it takes.

**Hon. Mr. Fulton:** I know. You were minister. I also sat on Management Board. I do not know what your time frame and delays were but ours are not that substantial. If there is a matter of importance, and anything related to this ministry is, we get on with it.

**Mr. Wiseman:** I can go along with you in some of those things, that they pass them real fast and spend money like it is going out of style.

**Hon. Mr. Fulton:** I am not in the position to caution the member, but I would suggest that he be careful with words like "suspicious."

**Mr. Wiseman:** I am suspicious and I will say that to the Lord if he were here now, he knows the truth.

**Hon. Mr. Fulton:** Yes, and I do not see anybody getting zapped.

**Mr. Chairman:** Anything else on the warrants, Mr. Wiseman?

**Mr. Wiseman:** No. I think the answer is yes. I suspected all along.

**Mr. Brown:** The first thing I would like to see is that we in our riding especially appreciate the notice program as it relates to the parks along Highway 17, and a number of parks on Manitoulin Island.

**Mr. Chairman:** The one for Temagami, too?

**Mr. Brown:** Pardon?

**Mr. Chairman:** There is one for Temagami, too, is there not?

**Mr. Brown:** Could be.

**Mr. Black:** Talk about antagonizing the bears.

**Mr. Brown:** Yes, do not tease. Anyway, we have had great comments. I understand the program is continuing next year. I know we are not dealing with that, but it has really received great acclaim from the public. I just wanted to talk about that for a second.

The second thing I am concerned about, though, is public transit. In my riding we are reasonably well served by the municipal transit in Elliot Lake, for example, and along the Highway 17 corridor by regular commercial service. In the very rural area of the riding, which is Manitoulin Island, we have great difficulty with public transport just in terms of moving people from one community to community. As the population ages, for example, we have a lot of seniors who must get to hospitals or whatever for tests and that type of thing. Do we have any kind of programs to assist the public in moving from one community to community?

**Hon. Mr. Fulton:** We do have programs in place. The newest program is one that assists communities of under 10,000 people to establish a form of transit. Whether you could go from Gore Bay to—

**Mr. Brown:** Mindemoya.

1720

**Hon. Mr. Fulton:** Right; one of my favourite places. You would know that on the last road map, of course, we featured Highway 17 across Manitoulin Island. That is how highly we regard that part of the province.

would have to ask the deputy to clarify. I am sure whether the program to expand—without tying into the disabled service, though it is available as well—in terms of providing public transit within small communities provides for mercy or intertown, if you like intermunicipal, but there is a provision within the town.

**Mr. Hobbs:** Our funds for public transit have always been delivered to operations that are in place within municipal boundaries. We do not—

**Mr. Brown:** Would that include counties, for example?

**Mr. Hobbs:** No. It is normally within town-city. There are some provisions for specific areas to some locale that is immediately outside that related to the life of the community.

In terms of the disabled and the elderly in particular, we have been looking at ways of getting around the problem you are talking about, that is there not being transportation services available to go from one community to another or across a county boundary. We are looking at perhaps trying to provide financial assistance to groupings of townships and what have you, particularly within a county, to do that. We do not have anything definitive on the books or anything funded right now, but we certainly do recognize it as a problem in rural areas.

Traditionally, people have relied on totally volunteer services. Things can be difficult if you are asking volunteers to cover large areas of geography, so we are looking at some ways we would try to get around that. I hope that within the next year or two we might be able to address the problem. I know it is a particular problem on the mainland. We have had groups express that concerns.

**Mr. Brown:** It is a problem there, not just from the elderly standpoint. With the native population, for example, there is a relatively low percentage of motor vehicles on the reserve and a lot of those people in the constituency really look for some form of public transit too. I would appreciate being kept up to date on your progress.

**Mr. Hobbs:** As I recall, there have been a couple of private operators as well who have attempted to get some sort of island-based service in place and have had some difficulty in terms of equipment and that type of thing. But we certainly—

**Mr. Brown:** I am aware of one of the present public transit runs in jeopardy right now, between Espanola and Little Current. It is a very

necessary service, yet the economics of it are pretty tenuous.

**Mr. Morin-Strom:** I am sure the minister has heard from many groups from northern Ontario as well as myself with regard to concerns about a program for four-laning the Trans-Canada Highway. I wonder if the government has any intention of ever four-laning the Trans-Canada Highway.

**Hon. Mr. Fulton:** As I recall, this question was raised and I hope dealt with on Thursday last, but the member would be aware of our efforts—

**Mr. Morin-Strom:** It was raised; it was not answered.

**Hon. Mr. Fulton:** It was the very last item of business on Thursday, as a matter of fact. The statement was read into the record.

As you are aware, we undertook a study about a year and a half or so ago that indicated that four-laning would be in the range of \$3 billion. This was in response to a presentation by the Northeastern Ontario Chambers of Commerce. There was some discussion in the most recent federal election and there have been discussions earlier.

As I have mentioned on previous occasions, we have raised the issue with three federal ministers of transport with respect to some kind of joint venture or assistance in funding for projects of this magnitude. They were, after all, involved with the funding back in 1956 or so when the Trans-Canada was started. Realistically, we have also had to break down, in effect, on components of that work. You are not going to start at the Manitoba border and just continue this program easterly.

We have looked particularly at the areas from Nipigon into Thunder Bay. We have looked in your area, as you are very much aware, in the Algoma riding and that area of Sudbury and Sault Ste. Marie, and we are doing some work further east in the Ottawa area and other selected expansions, improvements, passing lanes, illumination, turning movements at intersections and so on.

You will be aware that in your area we have been negotiating, ministry officials and my predecessors, for a number of years with the Garden River Indian band, for quite a long time. Now I understand that with changes up there, there is a further delay in getting on with any kind of agreement that would effect the project as you have described it.

We are doing what we can within the limitations of our funding. We are continuing to



press the federal government. We have made some headway with some specific projects, particularly coming and going from some of the major centres. We are continuing to work with the various municipalities along the way and will continue. Most recently, we raised the issue with Mr. Bouchard in Halifax in September 1988. Of course, you are aware that he is incapacitated at the moment, so we have not had any chance to follow through, but we will continue to press.

We recognize the importance of prioritizing and getting on with continued expansion, widening, twinning, however it is to be effected. There is a lot of discussion, because of the topography, whether you widen certain segments or whether you twin them and so on. We are actively and regularly pursuing bringing that into effect, but it is going to take a long time. You know that and we know it is not something we are setting on the back burner.

**Mr. Morin-Strom:** Right now I assume you have plans for, let's say Highway 17. How many years out is your construction plan? Five years?

**Hon. Mr. Fulton:** Specifically where?

**Mr. Morin-Strom:** Your construction plan on Highway 17. How much four-laning would be included in those five years on Highway 17?

**Hon. Mr. Fulton:** I do not have that specific detail here.

**Mr. Morin-Strom:** Would that be in any public documents we would have received? We get the one-year plans and so on, but—

**Mr. Hobbs:** No. The five-year plan changes so much, depending on different priorities and property and technical difficulties. We have our five-year plans, but—

**Mr. Morin-Strom:** I will have to ask about specific ones. Is the Lake Nipigon to Thunder Bay—

**Mr. Hobbs:** It is not on the five-year plan.

**Mr. Morin-Strom:** Is the Garden River on the five-year plan?

**Hon. Mr. Fulton:** We do not have an agreement.

**Mr. Morin-Strom:** You are not even assuming you will have an agreement within five years.

**Hon. Mr. Fulton:** We were hopeful, up until very recently—I am talking weeks if not days—we were on the verge of signing an agreement. Living there, you are well aware that certain things changed, as I understand it, which have set back those negotiations.

**Mr. Hobbs:** Even once we get through there in terms of some sort of agreement with Garden

River, we have the Rankin band to negotiate with. That is a smaller portion. The key is to get some sort of agreement with Garden River. There are a lot of considerations in terms of four-laning, in terms of alignment.

**1730**

If you take a look at some examples of what we look at in terms of some broad conceptual planning, if you go through Marathon, for example, in relation to where the Hemlo mines are related to the highway—immediately up against the CP main line—where do you go? You cannot widen the four-lane highway that is there, so you are talking about a major new route through that area other than the existing Highway 17. It is either that or you wipe out the Hemlo mines. Those ones you can throw a stone at.

There are all sorts of particular and unique situations along that route that are going to have to be addressed, but as the minister says in terms of looking at strategic linkages where you can do some four-laning, we are trying to proceed with those depending on negotiations and funding.

**Mr. Morin-Strom:** Had John Rhodes done when he was Minister of Transportation, made a commitment for the provincial government to four-laning from the Sault to Sudbury?

**Mr. Hobbs:** Yes.

**Mr. Morin-Strom:** Is that a commitment that this government still—

**Mr. Hobbs:** That is why we are here.

**Hon. Mr. Fulton:** We are very busy trying to meet many of the commitments of many of our predecessors.

**Mr. Black:** They were irresponsible.

**Mr. Hobbs:** We have been in active negotiations with the Garden River Reserve ever since then.

**Mr. Morin-Strom:** More than 10 years, I guess. Is it the money or land?

**Mr. Hobbs:** Right now it is a question of both. We thought we were very close to an agreement in terms of where the route would go, what type of land arrangements would be made and on price, but with the change of the band council since its elections there is now, from what we understand, some rethinking going on about what the band believes are some changes that should be made in terms of the components compensation, land and all that stuff.

**Mr. Morin-Strom:** One of the things noticed in driving in Europe is that, in contrast to North America, people there use an awful lot more undivided four-lane highways and it would



to be an awful lot less expensive to have an undivided four-lane highway than divided.

**What is the cost comparison with, let's say the Trans-Canada two-lane highway as it is in northern Ontario? How much more would it be per mile to go to four-lane divided versus, presumably in less travelled areas, four-lane undivided? Or perhaps you have safety considerations which preclude going to four lanes at all? I don't know; maybe you have some other reasons for not pursuing that as an option.**

**Hon. Mr. Fulton:** You would appreciate that, depending on where in this province, you have probably three or four major geological considerations. Up your way it is substantially more expensive, and then as you get up in the Thunder Bay area you start looking at those rock cuts, which alone are in the order of \$1 million to \$2 million or \$3 million per mile just to get through the rock.

**How would you twin or build another bridge over the Pic River bridge? That is a substantial structure. I do not know whether you can widen it. I would have to ask the engineer if you can design a bridge like that. It is certainly a lot more expensive than doing Highway 16 or doing a highway in southwestern Ontario. It would be a dramatic difference. In Europe you have probably travelled more extensively than I have.**

**Mr. Morin-Strom:** Not really.

**Hon. Mr. Fulton:** I have only been to many, and that was for a very short period of time. A lot of highways there are built for other reasons historically, and I am sure that they do have, in a number of areas anyway, some of the geography that we have to contend with. But I am not that familiar with highway construction in Europe.

**Mr. Hobbs:** Their geography in most of those countries is much more compressed and they try to utilize absolutely as little space as they can or to minimize the amount of requirements, because they have a lot of people who, on the environmental side of things, are attempting to try to ensure that there is minimal impact on the environment. In some areas when you have the curvy of some sort of divided highway, the safety point of view is one of the factors that very definitely goes in. But in some areas it is how much you have to work with and what the rock geography is like.

**A lot of people ask, "Why can't you have a beautiful four-lane divided highway right from the Manitoba border where its four-lane divided highway ends?" The reason is that that is where the rock starts; that is where the prairie ends and**

**the rock starts. It is very difficult to generalize because there are some very different areas, as you are aware, in terms of the north. As you go north from the Sault and you get up towards Michipicoten, and as the minister was saying the Pic River, you get into some very, very difficult areas.**

**Mr. Morin-Strom:** This is why I actually mentioned the four-lane undivided, because the amount of additional right of way is basically the width of two more lanes as opposed to the amount of right of way you need to go to a divided highway. There has to be a considerable difference, certainly additional work, particularly because of the tough areas like the Pic.

**Mr. Hobbs:** It depends where you are. It is very difficult just to generalize as to whether this is absolutely preferable to that. In some areas, as I have mentioned, the existing Highway 17 is right beside the CP main line. You could almost follow it through some of those areas. It is very difficult to give you a general answer, because of the nature of the territory.

**Mr. McGuigan:** If I can just make a remark, in Michigan and some of the other states, you will see the two lanes are separated by 200 or 300 yards. As I understand it, they have done that for safety reasons. They have the two extremes, the wide space between your two sets of two lanes, and in Europe four lanes interconnected. I think it is a combination of geography and safety. As far as I am personally concerned, I would sooner see a wide separation.

**Mr. Morin-Strom:** But on the other hand, if the cost of a four-lane undivided was only 20 per cent more than a two-lane undivided, while a divided one was double the cost, for a fifth of the extra cost you may get a lot more four-lane road which in fact will provide more safety than limited amounts of divided—

**Mr. McGuigan:** If your premise of 20 per cent is correct.

**Mr. Morin-Strom:** That is why I was asking. I do not know whether it is.

**Hon. Mr. Fulton:** I would hesitate to use the word "only." Using just those highways we have talked about today, not necessarily just in this committee, you are talking, at 20 per cent, about \$870 million added to those figures that have been used here and at a couple of other meetings, starting with the \$3 billion on Highway 17, \$650 million on one we talked about earlier, \$150 million on Highway 16 and \$600 million on Highway 407. So "only" in our case represents nearly another \$1 billion.

**Mr. Morin-Strom:** But it is a saving of \$3 billion.

**Hon. Mr. Fulton:** It is hard to contemplate those dollars.

**Mr. Chairman:** Anything else, Mr. Morin-Strom, for the moment?

**Mr. Morin-Strom:** Yes. I thought I might ask a little supplementary on the warrants, because I did not really understand what my Conservative friends were getting at here. I wonder if one of the reasons on the need for warrants might have been the expectation that an election would be called that spring and you would be under a constraint. As I understand, a good part of it was for April and May that year. Am I right?

**Mr. Hobbs:** Yes.

**Mr. Morin-Strom:** If an election had been called during that time frame, so that the House was not able to go on—in fact, we did go into session, but you did not know for sure we were going to do so.

**Mr. Wiseman:** Even though they controlled the government.

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**Mr. Morin-Strom:** Yes. Supposedly the Premier (Mr. Peterson) was keeping it a secret. If it was up in the air whether we were going to go into an election, could the fact that we would have been in an election in those two months have meant that some of that work would have been an emergency and you would not have been able to get the proper approval to start on projects in that time? I am trying to give you guys an out. Was that a part of it?

**Hon. Mr. Fulton:** I think your leader would have been as aware of whether there was an election coming at that time of year as anybody else around here.

**Mr. Morin-Strom:** Were you aware there was an election coming?

**Hon. Mr. Fulton:** No, I was out of the country in April. Could I tell you an interesting story, because Mr. Wiseman alluded to it earlier?

**Mr. Wiseman:** Put your hand on that Bible.

**Hon. Mr. Fulton:** When the election was called, on July 27 I think, I was sailing and at anchor in Hay Bay. That is how much advance notice I had, so I think you can take your suggestions related to those warrants—

**Mr. Wiseman:** I think every one of us in the room knew it was coming.

**Mr. Chairman:** That must answer your question, Mr. Morin-Strom.

**Mr. Morin-Strom:** It does not answer it at all. The warrants were signed when? In March, April, May; all three or just in April and May?

**Mr. Chairman:** We do not want to go back over the warrants debate again. What specifically were you after there, Mr. Morin-Strom?

**Hon. Mr. Fulton:** Whether there was an election.

**Mr. Morin-Strom:** No. Did you know there was an election going to be called?

**Hon. Mr. Fulton:** I probably knew about much election talk as you did.

**Mr. Morin-Strom:** That is right. You know there was an election call, but nobody knew for sure what—

**Hon. Mr. Fulton:** You have access to your leader, as I have to mine. Your leader would have been aware of it one way or the other.

**Mr. Chairman:** Carry on, Mr. Morin-Strom.

**Mr. Morin-Strom:** So the minister did not know if an election was going to be called that spring.

**Hon. Mr. Fulton:** My answer is that our funding in this ministry had no bearing on an election or otherwise.

**Mr. Morin-Strom:** I have not asked a question. If an election had been called, would that have constrained some of your highway construction projects?

**Hon. Mr. Fulton:** I cannot give a hypothetical answer to a theoretical question or vice versa.

**Mr. Chairman:** I think, Mr. Morin-Strom, might be helpful—if the Legislature had not been called back in late April, which it was, I believe on April 28, then they would have had to rely on special warrants. As it was, the House came back and supply motions were passed which took through to April, May and June. I also think there was a double supply motion, though I am guessing on this, for July, August and the end of September at least.

**Mr. Hobbs:** End of October.

**Mr. Chairman:** Sorry. I think if an election had been called in the spring there would have been a complete reliance on warrants rather than supply motions, which would have been passed when the House came back through to the end of June.

**Mr. Morin-Strom:** But the warrants were issued on which date? Was it before April 28?

**Mr. Chairman:** No, the House did not come back until April 28.

**Mr. Wiseman:** We sat until February 12.

**Mr. Morin-Strom:** Were the warrants signed before April 1 or after April 1?

**Mr. Hobbs:** They were effective April 1.

**Mr. Morin-Strom:** So at that point you did not know if an election was going to get called on April 27 or we were going to go back into session?

**Mr. Chairman:** Mr. Brown has a point of order. I know he does.

**Mr. Brown:** Thank you, Mr. Chairman. I was under the impression we were discussing the 1988-89 estimates. Is that correct?

**Mr. Chairman:** Yes.

**Mr. Brown:** Well, the time period we are discussing is not within that.

**Mr. Chairman:** That is true. Mr. Brown does make a good point.

**Mr. Black:** Particularly when we are short of time for the opposition members to raise meaningful questions. Where has Mr. Cousens gone?

**Mr. Chairman:** Order, please. Did you want to tidy up the dates on this, Mr. Morin-Strom? I think, since we have had a long debate on the warrants, if you want to finish off with a more specific question on the dates of the warrants, it would be appropriate.

**Mr. Morin-Strom:** No, I do not think the minister had a clue what was going on at that time.

**Hon. Mr. Fulton:** You would not want to withdraw that comment?

**Mr. Morin-Strom:** You said you were out of—

**Mr. Black:** I had a really important question I was going to raise, but in view of the fact that the member for Markham has been present for only one of the approximately six and a half hours we have been in estimates, I was going to pass and let him ask his more important questions, but I see he has once again left the room and is unable to be with us. I will be damned if I can remember what my question was. I will pass.

**Mr. Chairman:** I have no one else on the list. Are there any comments or questions on any parts of these estimates?

**Mr. Wiseman:** My colleague left me a few items to do with GO Transit, the record about parking fees and the amount of money you may be charging for those and the Twin Pass. He wants to discuss it.

**Hon. Mr. Fulton:** What is the question?

**Mr. Wiseman:** Apparently he is wondering about the parking fees. Are you leaving them the way they are or are you raising them?

**Hon. Mr. Fulton:** There are none at the moment.

**Mr. Wiseman:** There are none? I do not use it so I do not know.

**Hon. Mr. Fulton:** I can state unequivocally that we are not raising the parking fees of GO Transit.

**Mr. Wiseman:** There are none at the present time?

**Hon. Mr. Fulton:** No.

**Mr. Wiseman:** Was there any discussion about perhaps charging them?

**Hon. Mr. Fulton:** There has been discussion in the past.

**Mr. Wiseman:** That has been discussed? Is there anything on the books to put in a parking fee?

**Hon. Mr. Fulton:** I do not know what you mean by on the books. Certainly from time to time the subject is discussed within GO Transit at the board.

**Mr. Wiseman:** Can we expect a parking fee to be implemented in April? Are you proposing one?

**Hon. Mr. Fulton:** No.

**Mr. Wiseman:** You are not proposing one?

**Mr. Black:** Are you recommending one?

**Mr. Wiseman:** No, I am just recommending for my colleagues over here and my other colleague that we get on with more parking at Whitby.

**Mrs. Stoner:** And Ajax.

**Hon. Mr. Fulton:** What was the question with respect to the Twin Pass?

**Mr. Wiseman:** He probably knew what he was talking about there.

**Hon. Mr. Fulton:** I would not assume that, Mr. Wiseman.

**Mr. Wiseman:** I thought you would know what he was talking about.

Anyway, I will go back to an area I am more familiar with and ask you about that. What do you expect to do on Highway 417—we got into a little bit of that the other day—to continue that up to Highway 17?

**Mr. Morin-Strom:** All the way to Winnipeg.

**Mr. Wiseman:** That would not be bad, but starting out of the capital there a little farther.



**Hon. Mr. Fulton:** I indicated, in response to a previous question—

**Mr. Wiseman:** You mentioned what you had done.

**Hon. Mr. Fulton:** —we are proceeding with Highway 44.

**Mr. Wiseman:** What can we expect to happen this summer?

**Hon. Mr. Fulton:** It will likely be hot and humid.

**Mr. Wiseman:** A commitment on another phase.

**Hon. Mr. Fulton:** I have answered the question four times already.

**Mr. Wiseman:** I will go back to one, if you have not got a commitment on that, on the Urban Transportation Development Corp.

**Hon. Mr. Fulton:** No, I did not say there was no commitment. I said we have answered the question previously.

**Mr. Wiseman:** Yes, but I am asking if there was something you could bring me up to date with here?

**Hon. Mr. Fulton:** Yes, we would be happy to.

**Mr. Wiseman:** Can I go back to UTDC, because you did not answer a portion of that the other day. You said we got about a five per cent payoff on our \$20 million, but that we got paid \$1 million of the profit of the company this past year. You did not say whether we got any interest on our debenture over and above that, the \$20-million debenture we are holding. It would appear to me from your answer that the \$1 million we got was really equivalent to five per cent interest on the \$20 million you are holding in debentures.

**Mr. McGuigan:** Do we get interest?

**Mr. Wiseman:** He did not say we did, but the \$1 million he mentioned we got through the 15 per cent or something of the equity in the business that we hold was equivalent to \$1 million. After the minister told us of all the new business the company had and how profitable it seemed to be, I would like to know, do the debentures carry any interest?

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**Mr. Hobbs:** The debentures provide for 25 per cent of the pretax profits of UTDC, which were \$1 million in that specific year.

**Mr. Wiseman:** Even with all the—

**Mr. Hobbs:** The work the minister was talking about is contracts that are being negotiat-

ed, not contracts that are being carried out at the present time. Ankara, Bangkok—these are areas where it looks very much as though we are going to get this business.

**Mr. Wiseman:** All that is translated into five per cent interest for that particular year.

**Mr. Hobbs:** No.

**Mr. Wiseman:** We do not get any interest on our bonds unless they make money.

**Mr. Hobbs:** All that has not been negotiated. The minister talked about contracts that are currently being negotiated in different areas. That work has yet to come.

**Mr. Wiseman:** So we can look forward to a really big interest cheque next year.

**Mr. Hobbs:** Over the life of the 20-year debenture, absolutely. That is the objective.

**Mr. Wiseman:** But if they do not make any money, we may have trouble getting even on \$20 million. Is that right? When do they pay on the 20-year debenture? Is it at the end of 20 years or do they pay off a million dollars a year?

**Mr. Hobbs:** The balance is held and payable over a 10-year period.

**Mr. Morin-Strom:** Starting?

**Mr. Hobbs:** Starting in year one; it has to be negotiated in terms of when.

**Mr. Wiseman:** Oh, so you will carry the debenture for 20 years?

**Mr. Hobbs:** It is a 20-year debenture payable over a 10-year period.

**Mr. Morin-Strom:** After the 20 years?

**Mr. Hobbs:** The debenture is up at the end of 20 in terms of the 25 per cent of the pretax profit.

**Mr. Wiseman:** Then you start at the end of the 20 years, like Mr. Morin-Strom said, to write them down over 10 years. Is that right?

**Mr. Hobbs:** There is a payment schedule established. Then the debenture will be repaid over the 20-year period. The \$20 million will be repaid—

**Hon. Mr. Fulton:** Within the 20, not 30.

**Mr. Hobbs:** Yes.

**Mr. Wiseman:** It is really a 30-year debenture, then, is it not?

**Mr. Hobbs:** No, it is a 20-year debenture.

**Mr. Wiseman:** A 20-year, but then after the 20 years, just so I am clear on this, the next 10 years you start to get paid off for your debenture. Is that right? It is really 30?

**Hon. Mr. Fulton:** Within 20 years. It is not year 21 to year 30.

**Mr. Wiseman:** You hold it for 20 years, but then one time you said you would pay it off over

**Hon. Mr. Fulton:** Yes, but it means instead of annual instalments, you are going to make 10 annual instalments in the 20-year time frame.

**Mr. Hobbs:** And you still get 25 per cent of pretax profits. After that is over, the province will continue to hold 15 per cent of the shares of FDC, which will continue to entitle it to 15 per cent of the declared profits.

**Mr. Wiseman:** Is everybody clear on this? Is 20 years and they start to pay it off at the end of the 10 years, at year 11, or do they go the full 20 years and then start paying it off?

**Mr. Hobbs:** There is a schedule and we can't put that for you, but the schedule does not provide for a total payback at the end of the 20-year period.

**Mr. Wiseman:** This is as clear as mud; and you thought I was bad on Mr. Cousens's question.

I asked another question on which I did not get an answer the other day. There was a hooker there, as I mentioned. Some laughed the other day when I said that if the present rolling stock it is out there has any faults they come back and make a claim against the government, the ones who owned it up to the time of the sale. I asked if there were any claims made on that since it was sold, and if so how much were the claims?

**Mr. Hobbs:** The total exposure at the time of the sale was \$550 million, and since the time of sale that exposure has been reduced to \$270 million. During that time there have been absolutely no claims against any of the guarantees. The only things on which there have been any dealings are warranty situations related to parts and that type of thing, which is built into the price of the contract. That does not form part of the guarantees.

**Mr. Wiseman:** We did not have to make good on any of those things?

**Mr. Hobbs:** No.

**Mr. Wiseman:** How long is the other, almost \$200 million, that we are on for? When does it come out?

**Mr. Hobbs:** They vary, depending on the contract, up to about five years.

**Mr. Wiseman:** In another five years we will be free and clear of that commitment?

**Mr. Hobbs:** That is certainly the expectation.

**Mr. Wiseman:** Will you get me the information on whether it is a 20-year—

**Mr. Hobbs:** It is 20 years.

**Mr. Wiseman:** —and then pay off, because I am still not clear and maybe some of my colleagues are not as well.

**Mr. Hobbs:** The payment schedule is part of the documentation.

**Mr. Wiseman:** When does the first payment start?

**Mr. Hobbs:** Mr. Johnston says about three or four years.

**Mr. Black:** Can we get a copy of the payment schedule for all members of the committee?

**Mr. Hobbs:** Sure.

**Mr. Black:** I am not sure what is customary.

**Mr. Hobbs:** It is part of the documentation that was made public at the time of sale.

**Mr. Wiseman:** The only thing there is, if we started in three or four years to pay it and it has only been in place since the new government took over and decided to throw out UTDC—

**Hon. Mr. Fulton:** We sold it.

**Mr. Wiseman:** You gave it away.

**Hon. Mr. Fulton:** We sold it.

**Mr. Wiseman:** I would love to do business with you if you sell that way.

Anyway, the new government has been around for about three years. If you say it is to start in three or four years and it is a 10-year write-off, then you would be done long before the 20-year debenture is up. I cannot see anybody who is getting along interest-free paying you until he really has to. They have a pretty good deal right now.

**Mr. Hobbs:** There is a prescribed payment schedule, Mr. Wiseman, which we will get to you. It is already a matter of public record and your research people have all this documentation, because we went over the same thing during our estimates.

**Hon. Mr. Fulton:** And in the standing committee on public accounts.

**Mr. Wiseman:** I would like to have that, because I did feel right from the start that it certainly was not a good deal for the taxpayers of the province, and as some of my colleagues said the other day it made Minaki Lodge look like it was a beautiful deal, because this one is really bad.

I know some have had a little dialogue with the minister. I will not give any names. They were not really questions, but they were talks. I would say on this one again that it would make Minaki look pretty good. Any of us, when we are out of

this profession—God help us if this government is still in—could sure make some good deals with them.

**Mr. Black:** It may be sooner than you think.

**Hon. Mr. Fulton:** Before we run out of time, I would like to remind the member that it was he and his colleagues in government in the old days who entered into all of these agreements with respect to UTDC that carried with them those warranties, exposures and liabilities he is now so concerned about.

**Mr. Wiseman:** When we were part of it that is the way—some of these countries—

**Hon. Mr. Fulton:** You were told in 1972 that Krauss-Maffei was not going to work and you did not listen then.

**Mr. Wiseman:** —you are dealing with now

like the idea of government being behind it rather than private individuals.

Interjections.

**Mr. Chairman:** Order. May I direct members' attention to the schedule. Because the clock has not run out on the estimates of this minister there are still roughly three hours remaining. They will be put on hold until they can be rescheduled. Starting on Wednesday, the Minister of Industry, Trade and Technology (Mr. Kwinter) will be here for his estimates and will proceed then.

Minister, on behalf of the committee, thank you and your staff for your assistance during these estimates.

**Hon. Mr. Fulton:** Thank you, Mr. Chairman. The committee adjourned at 6 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Harland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Moner, Norah (Durham West L)

Matham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitution:**

Lorin-Strom, Karl E. (Sault Ste. Marie NDP) for Mrs. Grier

**Also taking part:**

Cousens, W. Donald (Markham PC)

**Clerk:** Mellor, Lynn

**Clerk pro tem:** Manikel, Tannis

**Witnesses:**

**From the Ministry of Transportation:**

Alton, Hon. Ed, Minister of Transportation (Scarborough East L)

Robbs, David G., Deputy Minister

Reilly, Alex, Assistant Deputy Minister, Engineering and Construction

Reich, Margaret, Assistant Deputy Minister, Safety and Regulation





No. R-26

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Estimates, Ministry of Industry, Trade and Technology

**First Session, 34th Parliament**

Wednesday, January 11, 1989



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 11, 1989

The committee met at 3:38 p.m. in committee room 1.

After other business:

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### ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY

**Hon. Mr. Kwinter:** Before I start, I have one other little bit of business. The industrial restructuring commissioner, Mr. Rowan, is here. It may not be a problem if you are not sitting tomorrow, which was the one day he could not be available. He will be available for future meetings, but he is here today. I do not know whether we are going to have any time, but if there are any questions of him today, he is available.

I want to thank you for this opportunity to present the 1988-89 estimates for the Ministry of Industry, Trade and Technology, and to outline some of the ministry's recent accomplishments and its plans for the months and years ahead.

There have been a number of new developments in the ministry's activities since I last appeared before this committee a little over a year ago. Since then, we have had some excellent opportunities to promote Ontario on the international economic stage, through our participation in the world economic conference in Davos, Switzerland, last February and at the G7 economic summit here in Toronto last June. These are only a few examples of this ministry's ongoing efforts to inform the international business community about the excellent opportunities Ontario offers as a place to trade, invest and do business.

In the past year, I have had a chance to contribute to this effort through my visits to our trading partners in Europe, the Pacific Rim, South Asia and the United States. Perhaps more important, I have also had the pleasure of hosting and meeting with reciprocal business and government delegations from these regions that have come to see for themselves what Ontario has to offer. I can assure you, based on my personal experiences, that these visitors have been impressed by what they have seen and learned about Ontario and its economic track record.

We are a little more than a decade away from a new century, and between then and now we can expect economic changes unlike anything so far in our lifetime. Already we are on the threshold of a new North American trade alliance, soon to be followed by a major economic restructuring of Western Europe. We are just now witnessing the monumental changes in economic philosophy in the Soviet Union and China and the rise of economic tigers around the Pacific Rim.

This is the emergence of a new world economic order that is already having an impact on Ontario's industries and service sectors. The question facing us is, how will we in Ontario participate to the fullest of our capabilities in this changing world? The answer to that question is central to fulfilling this ministry's mandate to guide and assist economic growth and investment in Ontario. To do this, we must work on two fronts.

First, we must develop our strengths locally if we are to compete globally. Our success in new and existing export markets will come after we have developed our expertise and business skills to their fullest extent here at home.

Second, we must think strategically to ensure that the opportunities and niches in the international marketplace are filled with Ontario products and services. We must start working now towards developing reputations in both traditional and emerging sectors that will set us apart in the global economy of the next century.

I think it is important at this juncture to review the state of Ontario's economy and its prospects for the near future, based on the Economic Outlook and Fiscal Review recently released by the Treasurer (Mr. R. F. Nixon). I want to talk generally about Ontario's economic outlook.

Ontario is now entering its seventh consecutive year of economic growth. During the past six years, Ontario's real output has expanded by 42 per cent and employment has grown by some 860,000 jobs. Since 1985, the province's real output has achieved an average annual growth of 5.2 per cent while employment has grown by 3.6 per cent a year. In both cases, this growth was higher than that experienced by any of the major industrialized countries. I think it is significant to know that also includes Japan.

I should also point out that as the economy has created more jobs, the province's unemployment rate has gradually dropped to five per cent, the lowest level since 1974. Much of this expansion can be attributed to increased residential construction, buoyant consumer spending and significantly increased business investment in plant and equipment, which grew at an average rate of 14.2 per cent annually. At the same time, inflation has remained relatively stable over this four-year period, ranging from 4.1 to 5.1 per cent.

In 1988, these trends continued. Real growth in the economy was about 4.5 per cent last year, compared to the 4.1 per cent for the rest of Canada. This growth created some 180,000 jobs last year and saw unemployment drop to five per cent, down a full percentage point from 1987. Inflation was also down, to 4.7 per cent.

This year we anticipate that Ontario's economy will continue to grow, but at a more moderate rate of about 2.9 per cent, due to a general slowdown in manufacturing output and construction following the unusually high growth of the past two years. However, we expect that business will continue to maintain high levels of investment in new plant and equipment this year to overcome current shortages in capacity, modernize facilities and exploit new market opportunities.

Let us review for a moment the prospects of some of our major industrial manufacturing sectors.

**Automotive:** Ontario's automotive sector, which constitutes about one fifth of our total manufacturing output, has performed strongly in the past five years and has attracted substantial new investments from both foreign and domestic assemblers and parts manufacturers.

**The resource industry:** Ontario's resource industries have fared very well since the recession as a result of the strong growth in both the United States and Canadian economies. But our resource sectors continue to face increased competition as new, low-cost, commodity producers enter the world market for the first time and our traditional competitors update their technologies.

Ontario's steel producers, which are among the most competitive and up to date in the world, could experience slower growth this year as a result of decreased demand from the construction and automotive sectors. As well, United States steel producers are lobbying heavily for restraints on our steel exports.

Following recent high growth levels, our industries producing machinery, electronic and

electrical products will likely face slower growth following a slowdown in the construction and other sectors. Growth prospects are good, however, for Ontario's plastics industry, as long as it remains competitive in terms of new product development.

In the field of services, Ontario also has a recognized expertise to make immediate inroads in such developing knowledge-intensive industries as environmental services and geomatics and to use and develop new technologies and applications such as biotechnology and advanced telecommunications services.

**Mr. Tatham:** What is geomatics?

**Hon. Mr. Kwinter:** Geomatics is the computerized plotting of mapping.

**The Vice-Chairman:** In other words, the combination of geography and mathematics.

**Hon. Mr. Kwinter:** It is computerized mapping. It is part of what we use. I will be talking about it later on in the speech: the whole Polaris system.

So despite a general slowing down of Ontario's economy over the next 12 months, we expect that over 100,000 new jobs will be created this year with unemployment remaining steady at five per cent.

The pattern set in 1989 is likely to continue for the next three years, with growth averaging 2.9 per cent annually, employment growing at two per cent or 100,000 jobs a year and inflation holding steady at about 4.8 per cent.

Our current prosperity has tended to mask some of the long-term competitive pressures facing Ontario as a result of the fundamental changes taking place in the global economy.

Let us talk now about technology and international competitiveness. It is one of the major tasks of this ministry to monitor these changes and recommend government policies on industrial development, trade and technology. This is vital because we are clearly entering an era where the prospect of increased international competition is the norm, rather than the exception, for many of our traditionally strong resource and mature manufacturing industries.

At the same time, we have to recognize the growing importance in world trade of technology-driven industries that are increasingly responsible for creating new economic wealth and prosperity. In Ontario, our strong telecommunications and aerospace industries are two notable examples of this trend.

Our industries have to accelerate the rate at which they introduce new technologies and manufacturing techniques. As well, there is a



continual pressure on the supply of workplace skills required to increase industrial productivity and expand the output of higher value-added goods.

Our industries must be prepared to adjust and adapt to these challenges and opportunities and move into an increasingly competitive global marketplace. The era of domestic protection is virtually over. The ministry has regarded this form of change as sufficiently important to establish a senior-level industrial restructuring commissioner.

His mandate? At the request of the Premier (Mr. Peterson), the commissioner is taking a forward-looking approach to the task of assessing the competitive factors that face selected industries so that plant closures and job losses can be avoided whenever and wherever possible. In fulfilling his role, the commissioner provides companies and the government with advice and assistance on modernization, investment and plant rationalization and on government policies and programs.

**The Vice-Chairman:** This is as a result of the committee established by the Minister of Northern Development (Mr. Fontaine) and the Minister of Mines (Mr. Conway), who made a recommendation that the position be created, as I recall.

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**Hon. Mr. Kwinter:** It was also the result of the Premier's Council recommendations.

**The Vice-Chairman:** They followed us up.

**Hon. Mr. Kwinter:** The commissioner's first task has been to examine the forest industries, from logging and wood products manufacturing to pulp and paper manufacturing and the food processing industries; a total of 21 secondary and tertiary processing subsectors.

In his examination of the forest industries, the commissioner's work has included a close and thorough look at the contentious logging issue in the Temagami region.

In relation to the food processing sector, the commissioner is conducting a comprehensive review of every facet of the industry, from raw material supply costs, sourcing and potential new manufacturing processes and technology to new products, new end markets and an evaluation of the expected impact of the Canada-United States free trade agreement.

**Industrial policy:** It is one of this ministry's tasks to assist our industries in meeting the new demands of global competition. International trade plays a vital role in our economic experi-

ty. Nearly one third of Ontario's gross domestic product is generated by our export trade and one out of every five jobs in Ontario depends on exports.

As I mentioned earlier, the international trading environment is evolving rapidly and becoming more fiercely competitive as new industrialized nations, particularly those in the Pacific Rim, enter into markets traditionally dominated by the western nations.

As a result, this ministry plays a crucial role in protecting Ontario's interests in the international marketplace.

Much of the ministry's work involves analysing trends in global trade and the policies of our trading competitors. We also have the responsibility of providing the government with policy advice on major trade issues and on specific cases where trade law remedies are involved. Our recent work with the steel industry on a US countervail action is a good example of this.

Some of the major evolving trends in world trade include the creation of powerful regional trading blocks, the growing influence of nontariff barriers to trade, the linking of investments to trade and the increasingly important services in both domestic and international markets.

In the past year, most of the ministry's trade policy work was focused on the implications for Ontario of the Canada-US free trade agreement. This also included studies on the free trade implementing legislation enacted in both Canada and the United States and the omnibus trade bill passed recently by the US Congress.

In the upcoming year, the group is planning a series of seminars and conferences to inform and advise our industries on the impact of the free trade agreement.

The group will also continue monitoring the implementation of the agreement from both the Canadian and American perspectives, and will develop Ontario's position in future negotiations on such issues as subsidies, services and standards.

As well, we will be watching various changes in US trade laws and policies as they affect Ontario in such areas as telecommunications, textiles, steel, uranium, wine and customs fees.

The prospect of further European economic integration in 1992 will likely place two new challenges before us. First, it will affect our attempts to penetrate the western European markets, and second, it will strengthen the competitive ability of European firms to penetrate our domestic markets.

We are involved in an ongoing analysis of European Community tariffs and nontariff barriers and other laws and regulations affecting Ontario exports and investment into Europe. We will also be analysing the 1992 move towards an integrated European market.

This work will enable us to advise the federal government on Ontario interests and concerns and to provide Ontario industries with advice and information on future opportunities for both trade and investments.

To this end, we will be organizing a number of conferences this year to inform the business community about the implications of a unified European economy.

As well, we participate as observers in multilateral trade negotiations under the General Agreement on Tariffs and Trade. It is our hope that these discussions will lead to more open and secure access for our tradeable goods and services on a worldwide basis.

Last month, I was an observer at the Montreal General Agreement on Tariffs and Trade meeting. While there was a serious and regrettable lack of an agreement on the reduction of agricultural subsidies, I would note that substantial progress was made in the negotiations on tradeable services, an area of great opportunity for Ontario.

Our ministry has played a central co-ordinating role in developing the Ontario government's response to various GATT proposals, in co-operation with other provinces and the federal government. In the upcoming year, we plan to consult widely with our federal and provincial counterparts, as well as industry and labour groups in this province, in the progress of the GATT negotiations and their implications for Ontario's economy.

Greater access to international markets will not alone guarantee our continued prosperity. We must also enter those markets with goods and services which are technologically and economically competitive with those developed and marketed by other nations, and this represents perhaps the greatest challenge facing Ontario in the years ahead. It is one that confronts not just our industries but our society as a whole. Clearly, our ability to sustain and improve the living standards of people in this province will depend on how well prepared we all are to meet that challenge.

In this new economic environment, it is clear that Ontario has only one realistic choice. We must use our current prosperity to embark on a

new strategic course for this province's future economic development.

I am pleased to report that our industries are not shying away from this challenge. As I pointed out earlier, much of our current economic growth has come from renewed business investment in plants and equipment in response to increased international competition.

The role of the Ontario government is to create a strong consensus among all the players in our economy about the best ways to enhance our long-term competitive position in the global marketplace.

A major step in forming this consensus in Ontario was taken two years ago with the creation of the Premier's Council, which brought together leaders from business, labour, government and the academic community. The mandate of the council was to advise the government on future industrial strategies to make Ontario a world leader in trade, technology and innovation.

As its first task, the council undertook a wide-ranging study that examined the international competitiveness of several important Ontario industries and the capabilities of our educational, science and technology infrastructure. It also reviewed the industrial development policies of Ontario, Canada and other countries.

The council's findings were published in April 1988 in a comprehensive report entitled *Competing in the New Global Economy*. Its main conclusion was that Ontario can no longer depend on its traditional resource-based and primary manufacturing industries to sustain its economic growth. Instead, our future prosperity will depend on developing high growth, high value added industries in Ontario whose success in international trade will be based on technological innovation, skilled labour, high productivity and aggressive marketing.

To support this new direction in Ontario economic development, the council also recommends measures to stimulate advanced research and development, enhance the skills of our workforce and encourage investment in promising new industries, as well as the restructuring of our established industries.

Three of the council's recommendations have already been announced in Ontario's last budget.

We have introduced new tax incentives to support increased investment in research and development by both large and small businesses.

We are in the process of establishing a technology personnel program which provides financial assistance to small and medium-size



Ontario firms to hire engineering and technical staff they require to carry out their own research and development programs.

We are developing a supplier development program that will award research contracts to Ontario companies capable of becoming suppliers of high-technology goods and services to the Ontario government and its agencies, like Ontario Hydro.

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The second volume of the council's report was issued last September. It examined the prospects of some of Ontario's key industrial sectors, including automotive manufacturing, food processing, forest products, chemicals, aerospace, telecommunications, computers, lasers and biotechnology. These studies provide some critical insights into the challenges and opportunities facing our traditional and emerging industries in the years ahead.

The council is currently exploring the key people and skills issues that it raised in its first report. It will be examining our existing educational and skills training programs to see how they can be improved to help Ontario meet the challenges of global competition. For example, the council has already recognized that the advantages we gain through research and development could come to nothing if we lack the entrepreneurial drive and experience needed to take innovations from the laboratory to the marketplace.

This is why the government, acting on the advice of the council, has set up six centres of entrepreneurship to develop programs in innovation and enterprise that will provide young people with the skills to start and operate their own businesses. Members of the council feel strongly that the investments we make in people today will be as vital to our future economic prosperity as any investments in plants and machinery.

The Premier's Council is also advising the government on some long-term investments in Ontario's economic future through the \$1-billion technology fund, which is our primary vehicle for supporting technological innovation and development.

The government's rapidly increasing expenditures in this area have been guided by two major themes: first, the need to develop Ontario's science and technology capabilities so that they can compete with the best in the world, and second, the need to promote co-operative research and development efforts among the private sector, universities and government.

Its first major step in this direction was the establishment in 1987 of seven research and development networks known as centres of excellence, which are the focal point of Ontario's scientific and technical research and development efforts between Ontario industries and universities. The centres, which are supported with \$204 million in funding from the technology fund will be working in such fields as integrated manufacturing, information technology, materials research, telecommunications, advanced lasers and space science.

The council has committed close to \$90 million from its industry research program to 15 research and development projects in areas of strategic economic importance to Ontario. These projects range from developing a new form of radar to creating advanced laser microscopes. All of them involve close collaboration between private companies, universities and research institutions.

In addition, the council has set up a university research incentive fund, which matches private industry funding for research projects at universities. To date, the government has approved more than \$21 million in funding for 246 projects at 14 Ontario institutions. Projects cover a broad range of research in such fields as medicine, agriculture, mining, telecommunications and integrated manufacturing.

Not all of the technology fund's research efforts are geared to the development of new products and processes. It is also looking at the impacts of technological change on the workforce and in the workplace. For example, its technology adjustment research program will provide \$5 million over five years for co-operative labour and industry studies on the effects of new technologies on workers, their working environment and their industry as a whole.

As well as establishing new research and development programs, we have also undertaken an extensive review of a number of pilot programs introduced in the early 1980s. Two of these programs, the innovation centres and the commercial development officers, were three-year pilot projects to assist in the commercialization of inventions and research developed at community colleges and universities. Because other initiatives have evolved to further facilitate aspects of these two programs in the past three years, they will be phased out at the end of this month.

Meanwhile, we have recently concluded our review of Ontario's five technology centres. As a



result of our review, three of the centres will be transferred to the private sector to continue providing Ontario industries with expertise in the development, transfer and application of manufacturing technologies. Two have already been privatized, and the third should be transferred to the private sector by midyear. The operations of one other centre will be wound down this year and its assets and facilities transferred to other government agencies.

Now, I would like to spend some time on the development corporations.

We are currently in the midst of a major renewal of the mandates of Ontario's three development corporations, which have administered the province's regional and industrial development programs for the past 25 years. The renewal program involves major changes within the corporations through decentralization of certain activities to regional offices. The goal is to achieve one-window delivery of programs. The client will now deal with only one staff member throughout the loan process. The corporations' board of directors will assume increased supervisory responsibility, and we will be developing new procedures to ensure improved accountability and flexibility, consistent with the corporations' commercial orientation.

Over the past 25 years, the corporations have been very successful in helping hundreds of companies across the province in new business startups, plant expansions and job creation, but the changing demand of the global marketplace, along with the changing needs of the corporations' client firms, have required a fundamental revitalization of their policies and operations.

The corporations' activities will, in future, be geared to promoting industrial development that will increase exports, improve international competitiveness and promote industrial diversification and advancement. As a result, the corporations will be focusing their assistance programs on companies marketing high-technology and high-value-added goods and services with strong growth and export potential. At the same time, the corporations will continue their traditional responsibility for assisting small business and promoting regional economic development.

In this area, the corporations have been very successful in providing financial assistance for new business startups through the ministry's new ventures program. Since the program was launched in September 1986, the corporations have guaranteed nearly \$120 million in loans to more than 12,700 new companies. Significantly,

nearly 30 per cent of these companies were started by women.

The Ontario Development Corp. has also played a major role in the restructuring of Allelix Corp., Canada's leading biotechnology company and one of the largest of its type in North America. The company is involved with the harnessing of natural or genetically engineered plants and organisms for commercial uses. Allelix has made great strides in becoming a major player in this exciting, potentially multibillion-dollar industry.

Ontario's newest development corporation, Innovation Ontario, plays a crucial role in supporting the development of emerging technology-focused companies, commercializing new products and services by providing equity investments not generally available through the private sector. In 1987, for instance, Innovation Ontario accounted for about 70 per cent of the investments made in these early-stage companies by the venture capital community in Ontario.

To date, Innovation Ontario has approved over 100 investments totalling \$18.1 million to a broad range of companies involved in developing new technologies in such fields as software, microelectronics, agribusiness, medical and engineered products. Typical of the corporation's investments is Mivatec Inc., which produces photoplotting equipment used in the design and manufacture of printed circuit boards.

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Companies such as Roseworks Inc. of Kingston and Cadence Computer Corp. of Ottawa have been successful in attracting private sector investment as a result of the government's initial support.

Now I would like to turn to industry and trade expansion. The role of the ministry's industry and trade expansion division is to promote exports, attract investment and expand industry with the intent of advancing Ontario's broader economic objectives. These include the transfer and diffusion of technology, industrial diversification with emphasis on higher-valued-added products, expansion of tradeable services and reduced dependence on US markets.

The ministry is developing opportunities in the emerging markets of the Pacific Rim, China and South Asia, while supporting our industries' ongoing efforts to expand trade and investment links with Europe, the Middle East, the United States and Latin America.

The division regularly organizes trade missions to countries around the world where there is

a possibility to develop better trade links. Interested Ontario exporters are invited to participate in these missions and meet prospective agents, distributors and buyers from these key new markets. The ministry also facilitates visits by incoming delegations of potential foreign buyers and investors, initiating meetings with prospective Ontario suppliers or joint venture partners and arranging tours of industrial plants and locations.

Promoting this two-way flow of information between Ontario and the international business community is essential to developing Ontario's stature in the global marketplace, both as a place to trade and a place to invest. The ministry's information gathering services are capable of providing market intelligence from the 14 Ontario trade missions and offices throughout the world. Such timely information is often vital to Ontario exporters for keeping abreast of distant market trends, new products and specific sales opportunities.

The division's trade services are organized into four branches covering broad market areas: one covers the Pacific Rim; another deals with Europe, the Middle East and Africa; the third handles China and South Asia, and the fourth is responsible for the United States and Latin America.

As well, the division's investment and regional operations branch delivers the ministry's domestic trade promotion and investment programs through its 13 offices located in south, central and eastern Ontario.

**Investment and regional operations:** The major promotional project undertaken by this branch this year was the Ontario pavilion at the G7 economic summit in Toronto.

**The Vice-Chairman:** Is that where all the reporters were?

**Hon. Mr. Kwinter:** You got it.

Our intent was to achieve high recognition of Ontario's economic performance and capabilities among international business media and influential delegates attending this conference, and I am pleased to report that we achieved our goal.

During the three-day G7 meeting, we hosted some 12,000 visitors at our pavilion in Summit Square. The displays presented by this ministry received favourable reactions from visitors and resulted in much positive media coverage about Ontario. I think I can say without being parochial the consensus of everybody there was that the Ontario pavilion was by far the best one there.

The success of this high-profile event serves to highlight the ongoing work of this branch in promoting Ontario to the international business community through seminars, displays and tours.

As well, the branch plays a key role in facilitating foreign investments by helping foreign investors find suitable locations, suppliers and services in Ontario. For example, this branch, in conjunction with our London office, organized a highly successful tour of British investors throughout southwestern Ontario.

In the past nine months, the branch's plant location and municipal liaison section has assisted in the establishment of 18 new manufacturing plants valued at more than \$460 million. When they are in operation, these plants will provide 1,700 jobs. One of the largest investments was the \$100-million Atlantic Packaging Products plant in Scarborough, which will provide 350 jobs.

This branch is also responsible for the ministry's program to attract immigrant entrepreneurs to this province and to help them establish themselves in business here.

The branch also administers the ministry's export development programs, which assist Ontario companies to begin exporting. These three programs—the trade expansion fund, the export manager for hire and international marketing interns—continue to be well received by the business community.

**International trade:** I would now like to discuss the ministry's international trade and investment activities in various markets around the world, beginning with the Pacific Rim. The ministry set up the Pacific Rim branch in 1986 in recognition of the growing economic strength of countries bordering the Pacific Ocean. Its objectives were to attract investment in manufacturing and tradeable services, promote the acquisition of new manufacturing technologies for Ontario industries and expand Ontario's export in goods and services to the region. Since then, the ministry has set up offices in Seoul and Singapore, in addition to our Tokyo office, to provide Ontario with a local presence in this fast-growing region.

In terms of trade, the Pacific Rim has continued to be a hard nut to crack, although Ontario has increased its exports to the region from under \$1 billion in the early 1980s to about \$2.7 billion in 1987. During the same period, however, Ontario's imports from the region jumped from \$1.6 billion to over \$4 billion. In the past year, the branch organized 12 trade



missions to the region to promote a broad range of Ontario products and expertise in such fields as electronics, telecommunications, medical equipment and computer software.

At the same time, we have been relatively successful in attracting considerable interest in investment and joint-venture opportunities in Ontario, particularly in our automotive sector. As you are no doubt aware, three Japanese automotive companies—Honda, Toyota and Suzuki—have made sizeable new investments, totalling over \$1 billion, in Ontario's automotive sector.

I would also like to point out that our involvement with potential investors does not end when the deal is signed. Just recently, the ministry hosted a highly successful series of lectures in Oxford country, where the General Motors-Suzuki CAMI automotive plant is now under construction, to familiarize local residents with Japan and its culture.

**Mr. Tatham:** Very well done, sir.

**Hon. Mr. Kwinter:** Thank you.

In the year ahead, the ministry will continue to actively promote Ontario as a prime location for both Japanese and Korean investment in North America.

Europe, the Middle East and Africa: Two major issues dominate the activities of our Europe, Middle East and Africa branch: the forthcoming economic integration of Europe in 1992 and the opening of vast potential markets in eastern Europe under Soviet leader Gorbachev's policy of perestroika.

The highlight of this ministry's activities in the European market in 1988 was our participation in the world economic conference in Davos, Switzerland, last February which gave us an unparalleled opportunity to promote Ontario's potential as a place to trade and as a place to invest. It also led to the establishment of strong trade and investment ties with the highly industrialized West German state of Baden-Württemberg following visits by Premier Peterson and members of the Premier's Council. This led, in turn, to visits to Ontario by the state's Premier Spth and a delegation of key West German industrial leaders.

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With the advent of a single European market on the horizon, it is essential that Ontario make every effort to inform our industries about potential opportunities and the necessity of becoming active in this market now. In October, I released Canada's first relevant study on these matters, entitled *Europe 1992*, which met with an

extremely positive response by the business community.

The ministry has already held two information seminars for the business community on the implications for Ontario of the European Community single market. In April, we will be sponsoring a major conference in Toronto on *Europe 1992* in co-operation with the federal government.

The ministry is also exploring opportunities to boost Ontario's trade and investment activities in eastern Europe following some recent notable successes of such Ontario-based companies as McDonald's Restaurants of Canada and Magna International in setting up joint ventures in the Soviet Union.

We continue to have success in attracting attention in Great Britain, one of our strongest European markets. One notable example was a major presentation of Ontario fashion goods and accessories which received wide praise from the British buyers who attended.

China and the developing nations of South Asia also offer Ontario tremendous opportunities for new trade and business links. Of particular importance is India, which has embarked on a major modernization program requiring many of the goods and services available from Ontario. To provide Ontario with a stronger presence in this vast market, the ministry recently set up a new trade office in New Delhi, which I will be officially opening next month.

Looking at the branch's overall trade and investment promotion activities for the past eight months, I am pleased to note that the branch has helped 600 Ontario companies explore export opportunities in its regions and has assisted in attracting \$185 million worth of new investment to Ontario, including the opening of 25 new manufacturing facilities and 11 joint ventures.

The United States and Latin America: The United States remains Ontario's largest export market, accounting for more than 90 per cent of this province's exports. It is also our greatest source of foreign investment capital. As a result, the US and Latin America branch is responsible for the ministry's main export education program for companies that wish to begin exporting.

The new exporters to border states program, more affectionately known as NEBS, helps first-time exporters gain experience trading in the lucrative US market. Missions to bordering cities give Ontario firms a full introduction to marketing and American exporting procedures. Since its inception in 1984, the ministry has organized 42 NEBS missions for over 700 Ontario compa-



nies. In this fiscal year, eight NEBS missions will be held involving 172 companies.

The branch also works closely with Ontario industrial associations and the federal government to promote export awareness and education. For example, the branch worked with the federal Department of External Affairs to present a highly successful seminar on how to sell to the US government, which attracted representatives from more than 200 Ontario companies. In fact, the demand was so great that we are planning a second seminar this spring for the 200 people who had to be turned away.

Export marketplace is another federal-provincial co-operative program intended to provide new and potential exporters with expert advice and market intelligence on markets abroad. This year's program attracted more than 400 business people to events in eight Ontario cities.

The branch has also had a very active year in terms of its export assistance and investment promotion activities. From April to December, the branch assisted 2,300 companies with export development into the US and Latin America with resulting export sales of \$211 million.

As well, the branch has organized participation by Ontario companies in 25 trade fairs, six trade missions and two product prospecting missions to the US and Latin America. It has also sponsored 116 foreign buyers to visit Ontario to meet with potential suppliers here.

The branch also assisted in securing \$34 million in US investments in 23 new Ontario plants and eight joint ventures or licensing agreements valued at \$4 million. One of its new investment promotion initiatives is the Texas-Ontario Technology Exchange Round Table, which is intended to encourage scientific, educational and technological exchanges between the United States. The round table's first conference will be held in Austin, Texas at the end of March.

**The Vice-Chairman:** I think that is "between us."

**Hon. Mr. Kwinter:** "Exchanges between us"? It is the same thing—between us, which is the US.

**Some hon. members:** Oh!

**The Vice-Chairman:** I am just trying to help it.

**Hon. Mr. Kwinter:** The Ontario International Corp. The Ontario International Corp., which is responsible for marketing Ontario's technical expertise and services expertise around the world, has also recorded some notable successes

this year. In early December, the Soviet government announced that a team of Canadian designers, architects and builders had been chosen to create a \$5 billion multi-use facility on the outskirts of Leningrad.

The three Canadian firms—Forrec International Corp., the Webb Zerafa Menkes Housden partnership, both of Toronto, and PCL Constructors of Edmonton—were chosen because of their expertise in similar large-scale projects and Canada's leadership in high-technology, multi-climate developments. I am pleased to say that Ontario International Corp. played a constructive role in helping these companies clinch this multibillion-dollar deal.

Through OIC's international projects fund, we underwrote two exploratory visits to Leningrad by the Canadian team and a fact-finding mission by Soviet officials to Ontario to see some of our major recreational developments. Similar financial support and government liaison provided by OIC last year also helped Ontario companies secure two major projects in the Bahamas. In one instance, a Toronto management consulting firm received a \$3-million contract from the Bahamian Ministry of Health to help upgrade health care training and plan the development of two new hospitals.

**Mr. Sterling:** Are you going down to open them?

**Hon. Mr. Kwinter:** No.

The other project involves a \$60-million harbour expansion program to be carried out by a group of Canadian and Ontario companies.

OIC has recently launched its Ontario Ambassadors program, which brings engineering and architectural graduates from Southeast Asia and the People's Republic of China to Ontario for one year of on-the-job training with Ontario companies. The intent of the program is to develop opportunities for Ontario firms to win capital projects in these countries by increasing foreign awareness of Ontario's expertise in professional engineering and architectural services. So far, three Ontario firms are involved in the program, which is funded jointly by OIC and the participating companies.

Small business, services and capital projects: During the past year, the small business branch has assisted some 190,000 existing and potential small business owners. Last May, the branch produced the Entrepreneur 88 show at the Metropolitan Toronto Convention Centre to raise awareness of the importance of entrepreneurship to Ontario's economy. The event, conceived by the Premier's Council committee on entrepre-

neurship, attracted 152 exhibitors, 960 delegates and 4,600 members of the general public over a two-day period.

The branch also established the eastern Ontario small business network to promote the growth of small business in eastern Ontario. The network's five self-help offices and 15 information kiosks provide information on such topics as starting a small business, marketing, financing and business planning for small businesses.

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The self-help offices are located in Port Hope, Trenton, Smith Falls, Renfrew and Hawkesbury and are linked with other small business services in the region. In the first eight months of this fiscal year, these centres have assisted over 2,000 clients.

This year my parliamentary assistant, Steve Mahoney, was appointed the new small business advocate and chairman of the parliamentary assistants' committee for small business, which was established to support and advocate on behalf of Ontario's small business community.

One of the committee's achievements this year was acceptance of its recommendation that small business impact statements be included in cabinet submissions. This will ensure that cabinet is aware of the effect that new legislative initiatives will have on the small business sector.

The branch has also worked with the ministries of Education and Skills Development to introduce entrepreneurial education programs for elementary and secondary schools. These programs will teach business skills and present entrepreneurship as a viable career option.

The business development branch: The business development branch works in partnership with our manufacturing industries to assist them in meeting the challenges and opportunities arising from global competition.

The branch is currently working with a number of priority sectors including plastics, health care products, information technology, apparel, aerospace and defence and automotive to develop industrial strategies to meet the competitive trends developing in each sector.

As part of this close working relationship with our industrial sectors, the branch has established a number of minister's advisory committees to keep me informed about developments in various industries. For example, the branch recently established three such committees for Ontario's growing aerospace and defence sector, the apparel sector and the automotive sector.

Our work with industry also includes involvement and support for a number of major promotional events each year.

For example, we worked with the London medical technology transfer committee to establish Med Tech, a major trade conference featuring Canadian medical devices and related technologies.

To help promote Ontario as a fashion centre and showcase our capabilities in this sector, the ministry also participated in and provided financial assistance for the 1988 Festival of Canadian Fashion and staged the G7 fashion show during the economic summit.

In the near future, we will be participating in Plastex 89, a conference and trade show sponsored by the Society of Plastics Institute, which will be featuring the use of plastic in construction this year.

**The Vice-Chairman:** Is Plastex like latex?

**Hon. Mr. Kwinter:** In the next year, we will be expanding our activities to cover such key sectors as pulp and paper, food processing and construction.

We will also be starting up the supplier development fund, which was conceived by the Premier's Council to provide financial assistance to firms capable of supplying products required by the Ontario government. In essence, we will be using the government procurement process, in the form of enabling contracts, to develop new technologies that will enable local industries to compete in the global economy.

The branch also promotes Ontario industrial capabilities through the sourcing centre—a database of products and capabilities of Ontario firms. This service, which responds to requests from manufacturers seeking Ontario sources of supply, responded to some 4,000 requests last year.

The service sector secretariat: In the past two years, the ministry has extended its reach into the business community beyond the manufacturing industries to fully include the high value and tradeable services that will be an increasingly important part of Ontario's economic future.

The service sector secretariat has established ongoing contact with industry and professional associations representing the industrial design, informatics, geomatics and environmental services industries, as well as with the association representing services supporting our resource industries, like agronomists and professional foresters.

For many of these industries, the involvement of the ministry represents the first time their field has been recognized for the positive contribution they make to the Ontario economy.



Already a number of projects building on the strength of Ontario service industries have been embarked on, and others will come from an extensive consultation process now under way.

These projects include educating Ontario industry on the quality and availability of Ontario design talent, through support of a design industry-initiated directory.

As well, a day-long seminar on how to trade services overseas—a first for Ontario—was held in co-operation with the Board of Trade of Metropolitan Toronto and services were included—again for the first time—as an integral part of export trade month activities in October.

Polaris, the province of Ontario land registration and information system: the Ministry of Consumer and Commercial Relations has launched a new project involving a consortium of companies chosen to form a unique strategic alliance with the government.

This new entity will have the task of implementing Polaris, the complete automation of the property registration system in Ontario.

Polaris is a state-of-the-art computerized geographical information system developed by the Ministry of Consumer and Commercial Relations over a five-year period.

Under the original implementation plan, the technology for the award-winning system would have remained locked for ever within the government. Private sector involvement in the project would have been minimal.

My ministry was active in bringing about a new approach. Staff from the service sector secretariat, along with other government and private sector representatives, worked closely with consumer and commercial relations over a several-month period to forge a new implementation strategy.

Under the terms of this strategic alliance, the government will pass on to industry the technical expertise it has developed, and will commit staff and equipment to the partnership. In return, the private sector will commit to further research and development work, and will actively market the services of the alliance throughout Canada and around the world.

The result will be a world-class geographical information systems firm with a proven track record of delivering major projects.

Perhaps what is most important, the Polaris alliance will form a model for future co-operative ventures between government and industry to create and transfer technology applications.

Capital projects: the division's capital projects unit analyses and negotiates Ontario's participa-

tion in large private sector investments that have the potential to make a long-term regional impact, or help us capitalize on unique opportunities to add to the international competitiveness of our industrial base.

This ministry, through the capital projects unit, provides a formalized interministerial review of major projects that are brought forward by my ministry as well as other ministries. Recommended projects are then referred to a subcommittee of a cabinet committee on economic policy—which I chair—for review prior to evaluation by the cabinet committee on economic policy and cabinet.

This process has provided for a greater degree of understanding of the economic development impact of major projects throughout the government, and helped focus financial resources where they are most effective. Some examples in this area include our ongoing efforts to revitalize and restructure Ontario's tire industry.

In May 1988, we announced a \$32-million loan to assist Goodyear establish a \$320-million facility in Napanee. This investment will generate at least 800 direct jobs in eastern Ontario and play a major role in expanding our automotive base across the province.

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I hope to be able to announce another significant tire investment in the very near future, which will put us well on the way to having revitalized an industry that Ontario was in serious danger of losing.

We also announce financial assistance to PPG Canada Inc., Hawkesbury, to assist this company to expand its Hawkesbury glass facility to be able to produce a proprietary coated windshield. Our \$3-million loan to facilitate a \$28-million capital expansion will add 100 jobs to the existing base of 360 jobs and secure the facility over the longer term.

**Mr. Tatham:** What is a proprietary coated windshield?

**Hon. Mr. Kwinter:** It is a special windshield that they have the process for. It is proprietary in the sense they have the process for doing it and they will be supplying the automotive industry. PPG is a world leader in glass. It is Pittsburgh Plate Glass.

**Mr. Tatham:** Okay.

**Hon. Mr. Kwinter:** Eastern Ontario is a region of the province facing economic challenges which require specialized policies and programs like the self-help centres and capital investments I have already mentioned. To further



support this region, my ministry appointed an eastern Ontario investment commissioner two years ago whose role would be to encourage local municipalities to adopt long-term economic development plans.

To support this goal, the ministry last month set up the eastern Ontario community economic development fund which will provide \$25 million over the next five years to promote community economic development and balanced economic growth in eastern Ontario. The commissioner is also responsible for co-ordinating provincial efforts to attract new business investment to the region. At present, the commissioner is piloting the province's plans to attract eight major projects, representing investments of more than \$330 million to eastern Ontario.

The ministry's northern industry division was established two years ago in recognition of the north's special industrial development needs and opportunities. I am pleased to note that the division is now well established in the north and has developed strong working relationships with the Ministry of Northern Development and Mines and the Ministry of Natural Resources, as well as local municipalities and federal departments active in northern Ontario.

These working relationships are crucial in anticipating difficulties faced by resource sector companies so that we can take early action to lessen the impact of shutdowns and layoffs and to seek alternative employment opportunities for the affected employees.

However, I should also point out that much of the recent news from northern Ontario has been about the expansion and diversification of many northern industries. For example, Algoma Steel and St. Marys Paper in Sault Ste. Marie have recently completed major expansion and modernization projects that will provide excellent export opportunities for both companies.

**The Vice-Chairman:** Great local representation.

**Hon. Mr. Kwinter:** As well, a number of companies in the forest products sector, like Rexwood Products Ltd. in Haileybury, Dubreuil Brothers lumber in Dubreuilville and Levesque Plywood in Hearst, have invested in new technology that will expand their product lines or production capacities.

Many of these projects which have been assisted by the ministry show that northern businesses are not content to simply rely on markets, products or processes that have done well in the past. Instead, many are moving into

niche markets with higher valued added product lines and state-of-the-art production techniques.

The division is also helping northern municipalities upgrade their economic development programs by providing training for economic development officers. To promote the development of small business in the north, the division held 68 seminars in communities across northern Ontario last year. It also provides counselling services to individual entrepreneurs and small business owners through its five offices located in North Bay, Sudbury, Timmins, Sault Ste. Marie and Thunder Bay.

The division is also heavily involved in the government's northern Ontario relocation program, which will move 1,600 government jobs with an annual payroll of \$50 million into five new buildings in northern communities.

The division is working with our service secretariat on the northern Ontario business services sector study that will increase the level of government business going to northern business service firms. The study will identify the supply of business services in the north and match it against the new demands for services that will be generated by the relocating government operations. Community action plans will be developed with local municipalities to help northern businesses take advantage of the new opportunities to sell to government.

With the Ministry of Northern Development and Mines, the ministry is producing a directory of northern manufacturers and business services to assist in government procurement from the north, as well as to encourage business investment in the region.

The division has also held a number of "selling to the Ontario government" seminars to inform northern suppliers of government purchasing requirements. As well, it has worked with other ministries and local municipalities to ensure maximum participation by northern companies in construction projects and government purchasing.

As you can see, the ministry made a number of positive contributions to economic development in northern Ontario through the activities of this division.

In concluding my review of the ministry's activities in the past year, I would be remiss if I did not mention the departure of the former deputy minister, Patrick Lavelle, who left the ministry in September to join the private sector. For three years, Mr. Lavelle helped lay the groundwork for many of the new directions this

ministry is embarking upon to help Ontario meet the challenges of global competition.

I am confident that the appointment of Gordon Gow as deputy minister will further strengthen the ministry's efforts to enhance Ontario's position in technological innovation and development. Mr. Gow brings to this ministry considerable experience and expertise in Ontario's high-technology industries, which will play a large part in this province's future economic development. In addition to his role as deputy minister, Mr. Gow is the secretary of the Premier's Council Technology Fund.

The quality of any ministry's policies and programs depends, to a large extent, on the quality of its people. This is particularly crucial to this ministry because of our need to keep pace with the rapid changes that are occurring in the global economy and our constant efforts to build strong working relationships with our business, labour and academic communities.

As a result, the ministry's human resources policies have focused on continuously upgrading the skills of our existing employees through training and staff development moves. As well, we have made considerable efforts to recruit talented people from the private sector. For example, in 1987-88 more than half of all the ministry's new employees came from the private sector.

At the same time, we endeavour to ensure that this ministry's workforce is representative of Ontario's culturally diverse society by reviewing our staffing procedures to ensure equitable practices, by outreach efforts to support our recruitment programs, and by making jobs more accessible to physically disabled persons.

The ministry is also very much aware of its responsibilities to Franco-Ontarians under the French Language Services Act, 1986. In this area, the ministry is currently reviewing a new French-language services policy to ensure that our operations are consistent with the requirements of the new act.

We have also launched a special initiative, in co-operation with the Ministry of Skills Development and the office of francophone affairs, to develop an exhaustive data bank of French business people in Ontario. This information will enable program managers throughout the government to design programs that are sensitive to the needs of the Franco-Ontarian business community.

The creation of this database underlines the important role that information technology plays in this ministry's operations. The success of our

programs and services depends on our ability to provide timely and high-quality information for other agencies of government, as well as the Ontario and international business communities.

As a result, the ministry has recently updated its information technology strategic plan to optimize its services to its clients and strengthen the ministry's information technology and corporate applications and databases in the years ahead.

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For example, a critical part of the development corporations' renewal program is the computerization of the loan accounting and administration system, linking all 14 Ontario Development Corp. offices across Ontario. The development of these information technology and automation programs will position ODC for the 1990s with a flexible, responsive system that can improve service to our many clients.

In conclusion, it is not too dramatic to say that we are arriving at a crossroads in this province's economic history. Some of Ontario's major industrial sectors are facing the need to go out and compete in the international marketplace if they are to survive. For others, the challenge will be to achieve local success at home and remain strongly positioned to withstand increasing off-shore competition.

I see this ministry assisting our industries on both of these fronts in the years to come. The business community and government will have to continue to work as partners in developing suitable both global and niche marketing strategies that will give Ontario the competitive edge in the coming decade and into the next century.

**The Vice-Chairman:** Thank you, minister. I congratulate you on the timing of your conclusion.

For the information of members, there are a couple of announcements that we should make. Since it is so close to 6 p.m., I wonder if it would be acceptable to you, Mr. Morin-Strom, if we put off the beginning of your response for the official opposition until the next session.

**Mr. Morin-Strom:** Yes, I think I would like to put off the response. I do not know if we have time to maybe ask one or two questions.

**The Vice-Chairman:** I do think we have some organizational things we should deal with before six.

**Mr. Morin-Strom:** I thought we were going to have only limited access to Mr. Rowan.

**Hon. Mr. Kwinter:** Actually, Mr. Rowan will not be here tomorrow, but I do not know

what the story is, whether we are going to be sitting tomorrow.

**The Vice-Chairman:** No, we are not. That is one of the things we have to go over.

**Hon. Mr. Kwinter:** Then he will be here the rest of the week.

**Mr. Morin-Strom:** He will be here later?

**Hon. Mr. Kwinter:** Yes.

**Mr. Morin-Strom:** Okay.

**The Vice-Chairman:** I wonder if it might be something for the subcommittee to consider too whether, in terms of the estimates, we could set aside a particular time when we could be dealing with the work of the industrial restructuring commissioner so that he would not have to be here for the whole session.

**Hon. Mr. Kwinter:** It would also be helpful to Mr. McClure as well.

**The Vice-Chairman:** And for Mr. McClure, yes. That is something that we could consider. Perhaps it could be on Monday, but we will have to let you know after the subcommittee meets.

**Mr. Morin-Strom:** I would like to put in a request that we have some expertise from northern Ontario. Obviously, Mr. McClure has that. I know in past years we have had Mr. Sorenson, as well.

**The Vice-Chairman:** When we dealt with the Northern Ontario Development Corp.

**Mr. Morin-Strom:** Yes.

**The Vice-Chairman:** That is something we can consider. One problem with doing it on Monday though, of course, is that we will want to have the responses of the official opposition and the third party.

Tomorrow, we will not be sitting. The House leaders have agreed that the legislation to be dealt with tomorrow afternoon will indeed be the justice legislation. That means the member for Carleton (Mr. Sterling), the Conservative Party critic, has a conflict and will not be able to be in two places at once, so we will have to cancel the session tomorrow.

**Mr. Dietsch:** I should point out for the record that the agreement that was reached by the House leaders was after my discussion that was had in this particular committee meeting.

**The Vice-Chairman:** Yes, in no way are the House leaders setting the agenda of the committee. They simply set the agenda of the House. We are reacting to the agenda of the House.

**Mr. Dietsch:** I think you missed my point. I think it should be made clear that the House leaders met after the discussion that I had with this committee in order to recognize that this committee would not be sitting tomorrow.

**The Vice-Chairman:** Yes, fine. Okay. Tentatively, what we are proposing is that the subcommittee of the committee will meet tomorrow afternoon after routine proceedings if we can contact all members of the subcommittee. So far we have not been able to get in touch with Mrs. Marland, but we have reached all other members of the subcommittee to discuss the work of the committee next week; that is, Ministry of Industry, Trade and Technology estimates and Bill 190.

**Clerk of the Committee:** And there will be an organizational meeting for Bill 162 next Thursday.

**The Vice-Chairman:** And the organizational meeting for next Thursday. Okay? Is there anything else? We will be sitting on Monday and we will hopefully be able to let you know what the proposal of the subcommittee is with regard to what is going on next week.

**Hon. Mr. Kwinter:** When will we know that?

**Clerk of the Committee:** Our subcommittee will be meeting tomorrow. I can give your office a call if there is any indication that there will be any consideration.

Right now the committee has the Ministry of Northern Development scheduled on January 23, 25 and 26 and February 6. You are not available on January 18 or 19, so there is one week in there. What about the dates in early February. Should we check with your office tomorrow morning?

**Hon. Mr. Kwinter:** The first week of February I am available.

**Clerk of the Committee:** Okay. Maybe we can do it some time then.

**The Vice-Chairman:** All right, thank you very much.

The committee adjourned at 5:56 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitutions:**

Mahoney, Steven W. (Mississauga West L) for Mr. Black

Morin-Strom, Karl E. (Sault Ste. Marie NDP) for Mrs. Grier

Pollock, Jim (Hastings-Peterborough PC) for Mrs. Marland

Sterling, Norman W. (Carleton PC) for Mr. Wiseman

**Also taking part:**

Reycraft, Douglas R. (Middlesex L)

**Clerk:** Mellor, Lynn

**Witness:**

**From the Ministry of Industry, Trade and Technology:**

Kwinter, Hon. Monte, Minister of Industry, Trade and Technology (Wilson Heights L)











# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Industry, Trade and Technology



**First Session, 34th Parliament**  
Monday, January 16, 1989

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back together with a list of the members of the committee and other members and witnesses taking part.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, January 16, 1989

The committee met at 3:45 p.m. in committee room 1.

After other business:

### ESTIMATES, MINISTRY OF INDUSTRY, TRADE AND TECHNOLOGY (continued)

**Mr. Chairman:** Mr. Morin-Strom, you will notice that this may be the last time that we will be sitting with the minister on his estimates for many moons, so I think the committee must decide how it wants to deal with this. We may not even get—

**Mr. Morin-Strom:** That is why I asked my question. When are we going to get some answers? Should we go through it and will we get answers immediately following, or will we get a chance to make a statement and then ask some questions? What are we going to do?

**Mr. Chairman:** Unless you go right through our statement and Mr. Sterling goes right through his statement, one of you is going to get sort-of-changed. I would suggest that you make our statement and Mr. Sterling makes his statement and then the minister responds in the time that is remaining. Will there be any time remaining?

**Mr. Morin-Strom:** I certainly hope so. Will there be some time for interactive questions? That is what I want.

**Mr. Chairman:** That depends on how long our statement is. How long is your statement?

**Mr. Morin-Strom:** I do not know. We will find out when I complete it. I do not have one prepared.

**Mr. Chairman:** Then how can we answer your question? Why don't we proceed with your opening comments and then Mr. Sterling's?

**Mr. Dietsch:** Why don't we get all the good things you have to say on the record?

**Mr. Morin-Strom:** Maybe we will get a list of questions on the record too, right?

**Mr. Chairman:** Yes.

**Mr. Morin-Strom:** Then we will see how many can be addressed.

Anyway, thank you, Mr. Chairman, and I thank the minister for his statement at the opening of the estimates for the Ministry of

Industry, Trade and Technology last Thursday. Unfortunately, the minister's statement was so long that we did not get a chance to say anything at that point; I hope that we get a chance to have some questions answered today.

I do not have a prepared statement, so I do not have anything to hand out to the committee. I will instead make some opening remarks and then comment on some of the points the minister has made that raised some questions. I have some other questions separate from his comments as well.

First of all, I compliment the minister, and his staff particularly, on the writing of the report. It certainly makes it seem like here at Queen's Park we are the centre of the free world in terms of economic activity—

**Hon. Mr. Kwinter:** It is.

**Mr. Morin-Strom:** —and we are reaching out to New York, Tokyo and London and our influence undoubtedly is pervasive throughout the economic realm.

**Mr. Dietsch:** It took us a few years to get it that way.

**Mr. McGuigan:** Do you want a seconder for that?

**Mr. Morin-Strom:** I imagine we have a few seconds for that.

One of the roles I believe this ministry should be emphasizing as a paramount role is its role in providing a greater economic balance in the province and the function of encouraging regional development so that we do not have a continuation of the unbalanced two economies in the province.

Undoubtedly the economies have improved, both in southern Ontario and in northern Ontario in recent years, as we have not seen a recession in a number of years in Canada, the United States or certainly here in Ontario. However, there still remain imbalances between rural and urban Ontario, particularly the Golden Horseshoe of southern Ontario; and similarly between geographic areas, particularly in eastern Ontario and in the area of the province I come from, northern Ontario, there are ongoing concerns.

I believe that this ministry should be playing a stronger role in encouraging a balancing of those economies. Our function as legislators, and

certainly the function of the government, should be to provide public interest in terms of where the needs are for the development of industry, trade and technology in the province, and not simply to encourage building in the areas that are the strongest in the province, to funnel more and more funds there, as certainly I perceive is going on with initiatives like the technology fund, where the government's interest seems to be continuing to put more and more money into the areas that are already doing well and are strong in terms of technology and research and development, that are in fact on the forefront in many industries.

Rather, we should be emphasizing those areas of the province where there is need for economic development and where our young people are unable to find employment in their own community. Even those who are well trained or well educated are leaving those areas. Northern Ontario continues to have a migration of people outside of the region, particularly young people who are moving into southern Ontario and other areas; and of course facing difficulties in that regard as well when one looks at housing prices and so on in the Metro Toronto area.

In terms of the minister's statement, I noticed that in his first two pages he refers to some of the travel he has been doing. The minister is becoming world renowned in terms of the hot spots around the world he has visited, from Davos, Switzerland, to our trading partners in Europe, the Pacific Rim, Southeast Asia and the United States. I guess it will be interesting to find out how many days the minister may have spent outside of the country and what the cost has been for the minister and his staff for travel outside Ontario. As well, I think the committee might appreciate receiving trip reports on these various travels the minister has undertaken.

I am surprised that the amount of travel he and his ministry staff have done around the world would be the first emphasis in a nearly 70-page document from the minister.

Moving on, the minister then gets into looking at Ontario's economic outlook. On page 5, we have reference to the fact that the province's unemployment rate has gradually dropped to five per cent, the lowest level since 1974. It would be nice to see some comparisons regionally within the province, in particular what that unemployment rate is in Metro Toronto compared to regions such as eastern and northern Ontario. I think much of the initiative from the ministry should be emphasizing how we can balance those disparities. If you have the data on the unemploy-

ment rate in Metro Toronto, northern and eastern Ontario, I would like to have those figures.

There is reference to real growth on page 6. "Real growth in the economy was about 4.5 per cent." Again, I would like to hear what that real growth was regionally, if you have it, particularly for Metro Toronto, northern and eastern Ontario.

On page 7, the minister comments about number of areas of different industries, particular with respect to the resource sector which is obviously critical to northern Ontario particularly. The minister made a statement, "But our resource sectors continue to face increased competition as new, low-cost commodity producers enter the world market for the first time." I would like to hear a list of specific examples of new, low-cost commodity producers who have entered world markets for the first time over the last 12 months, what countries they are entering the market from, which industries they are in and on which markets they are now competing with us.

On page 8, the minister said, "US steel producers are lobbying heavily for restraints on our steel exports." I would like to get an update on that situation. The steel industry is a very important one to Ontario, one that has been doing relatively well in the last couple of years.

## 1610

We know there was a lot of concern in the United States about imports affecting US steel producers several years ago. The last time the standing committee on finance and economic affairs, which I sit on, was in Washington, which was less than a year ago, we heard that the pressure with respect to restraints on steel imports from the US perspective had lessened quite considerably, that the US industry was recovering relatively well and was in fact operating near capacity, and that pressure to try to restrain imports had lessened quite a bit. That seems to contradict the minister's statement here, so I would like to get an update as to whether specifically the US steel producers are lobbying for in Washington.

Moving on to page 12, we have a reference to the new industrial restructuring commissioner and the fact that the commissioner's first task has been to examine forest industries "from logging and wood product manufacturing to pulp and paper manufacturing." Perhaps we could get a copy, if that is possible, of any reports or studies the commissioner has provided to the government with respect to the forest sector in northern Ontario.



The minister must be aware that there is a lot of concern about aspects of that industry, one being the tariff that still exists on exports of Ontario softwood lumber to the United States. That industry is certainly facing very difficult times with that softwood lumber component and has asked that the federal government particularly take some action to relieve the pressure.

Right in our area there are concerns about G. W. Martin Lumber shutting down the Searchmont operation. There had been requests made that the industrial restructuring commissioner conduct a study as to what was happening in terms of wood allocation in the Algoma region. I would like to know if the commissioner ever did look into the status of the industry in the Algoma area and whether the government received a report from him on that.

Moving on in the minister's comments, he makes passing reference to free trade around page 16. That used to be one of the highlighted components of the minister's statements in the last couple of years. It seems to have been de-emphasized at this point. I wonder if I can interpret the minister's comments as an acceptance that it is a fait accompli and that Ontario has effectively no role to play with regard to the free trade agreement at this point.

What does the member for St. Catharines-Brock think?

**Mr. Dietsch:** I think you just keep digging away.

**Mr. Morin-Strom:** Let's go on to the minister's comments on the Premier's Council. The Premier's Council was formed nearly three years ago; back in 1986, I think it was. To my knowledge, it has issued two studies in nearly three years.

**Mr. Brown:** Good stuff.

**Mr. Morin-Strom:** We would have hoped it would have accomplished a bit more than two studies. While there is some good stuff in these studies, unfortunately the government is not listening to it very closely.

I do not think we have time today, but if we do get another session I would like to go into more detail with respect to some of the recommendations of the report *Competing in the New Global Economy*, particularly with respect to some of the emphasis on getting more value added production. I think there is perhaps some misunderstanding of the conclusions in the report, particularly on page 20 of the minister's statement, "Its main conclusion was that Ontario can no longer depend on its traditional resource-

based and primary manufacturing industries to sustain its economic growth."

I would contend that is what Ontario has been doing and doing relatively successfully. I would contend as well that this is not the main conclusion of the study. I would like the minister to show me where the study says that. I cannot find anywhere in the study where it says that is its main conclusion. I cannot even find, as one of a number of major conclusions, a statement in the study that Ontario can no longer depend on its traditional resource-based and primary manufacturing industries to sustain its economic growth.

My contention is that those industries are absolutely critical to the future of this province and that this ministry should be investing more and more in the development of manufacturing based on its resource sector. If the technological emphasis in this ministry was put as heavily on strengthening those key industries—including, of course, the automotive industry and the suppliers to the automotive industry—this ministry, in terms of its technology fund and its centres of excellence, could be doing more for the province.

I do not think we should be deceived by the contention that the only future for Ontario is a high-tech future. High-tech provides a relatively small percentage of jobs in Ontario. It is likely to continue to do that. While it is an important segment of the economy, a particularly important segment in regions like Ottawa-Carleton and the Waterloo area, an abandonment of what has been the primary job producer and wealth creator in the province—that is, the major manufacturing and the resource sector—would be disastrous. Those have been the generators of income into Ontario from exports. The primary exports out of Ontario have been resource products and automotive. A suggestion that Ontario—

**Mr. Dietsch:** You really should not construe that as an abandonment. That is totally false.

**Mr. Morin-Strom:** Anyway, I would like to know where in the report this main conclusion is in evidence. I would contend that the report suggests what we should be doing in those key resource and manufacturing segments which have been the heart of the province: that there is much that could be done to improve and to produce more goods in those segments; the report does not suggest that we should change to other areas of endeavour to replace them.

Let's go on to page 20—

**Mr. Dietsch:** Do not skip over the good things. There are good things in there.



**Mr. Morin-Strom:** We have limited time and we are picking and choosing here the areas of major interest.

The centres of excellence program is referred to. Again, I think there is a lot of concern about this program, which has committed some \$204 million, the largest segment of funding from the technology fund. Again, this fund is doing nothing to balance the regional disparities in Ontario.

1620

In fact, out of all the universities and private research organizations that are involved in this program—and I believe there are seven partnerships—none of the partners is from northern Ontario. All of the funds are going into southern Ontario. This is a base level of funding for developments of new technology; and certainly technology is needed just as much in northern Ontario as it is in southern Ontario. I think it is rather unfortunate that the province has not taken initiatives in northern Ontario on the scale of the ones it has done in southern Ontario.

Typically, the funds going to northern Ontario are Mickey Mouse, small dollar value projects. But the real heart of this government's investment in technology, research and development is to emphasize the current strength of the major universities in southern Ontario. We do not have major universities in northern Ontario; there is not one research university in the north and it will continue that way until we have a government that recognizes that. Of course, the Ministry of Colleges and Universities deserves to take the lion's share of the castigation for the lack of development of major university centres in the north.

None of the \$204 million for the centres of excellence is going to northern Ontario. Perhaps the minister can confirm that. I would like to know: out of the \$90 million going to 15 research and development projects mentioned on page 24, how many of those projects are taking place in northern Ontario and how much of the \$90 million is going into northern Ontario?

On page 25 we have reference to obviously smaller-scale projects, and \$21 million going to 246 projects at 14 Ontario institutions. Again, I would like to know in particular how many of these projects are going on in northern Ontario and how much of the funds is going to the north?

On page 32 we have a reference to the Ontario trade mission and offices. There are now 14 trade missions and offices around the world. However, in recent years the ministry has reoriented where those offices are, closing offices in the United

States and Europe while opening offices in the Far East. Questions have been raised about why the ministry would be going in two directions at once.

I do not think there are questions about why you are moving into the Far East and wanting to expand our profile in places like Korea, Japan, India and so on, but there have been questions raised about the shutting down of offices. One in particular would be that Ontario used to have a mission in Brussels. The standing committee on finance and economic affairs was in Brussels in September 1988, and certainly the move towards the integration of the European market, as they call it, in 1992 is going to put more and more of the emphasis in terms of the political centre of Europe moving to Brussels.

Certainly there were questions there within the European Community as to why Ontario would not have a trade mission in the administrative centre of the EC, in the capital, which is Brussels. I ask the minister whether he has any intention of moving back into Brussels or to any other locations elsewhere around the world. What direction are we going with those trade missions?

Let's move on, to get through this a little more quickly, to pages 44-45, where there is reference to a \$5 billion multi-use facility in Leningrad. I would like to know who is funding this and whether there is likely to be any provincial involvement in this at all. I find this interesting. One objective of the trade office seemed to be to find sources of investment and to encourage investors from other countries to invest back in Ontario. Here we have an example where we are encouraging Ontario investors to go and invest \$5 billion outside the country, in fact out of the western world, in the Soviet Union.

In the minister's view, is the objective to get more investors to invest in Ontario and buy up more of our industry, or is it for Ontario investors to be taking funds from here and investing in the Soviet Union? I find it to be a kind of schizophrenic approach to be advocating both at the same time.

I guess my suggestion would be that we should be trying to do what we can do best here or wherever possible, reinvesting in our own province and establishing control of our own industries in terms of ownership as well as much as we possibly can.

I guess your writers finally reached their peak around pages 50, 51, 52 and so on, where they really got into the jungle with references to Me

Tech, Plastex 89, geomatics, agronomists and the Polaris program. We have to wonder how many people are employed looking up fancy acronyms and slick words for the government to throw around in these kinds of speeches, in particular on pages 54 and 55 where you talk about the Polaris program.

I guess some people have questioned whether a computer system that takes five years—in fact, I believe more than five years in total—to develop may well be obsolete by the time it is implemented and that what is called the state-of-the-art computerized geographical information system may already be obsolete today.

1630

I guess I would ask for the proven track record of this system that it has taken so long to implement in the province?

There is a reference here to a capital projects unit. I am not too aware of what this capital projects unit does. It sounds like it is something that should be used for regional development. I wonder what in fact the role of this capital projects unit is and whether its mandate is to encourage capital projects in the areas of the province that really need a boost to the economy, or is it just to follow the market sector in terms of where the market sector is planning to put capital projects in any case?

I thought there was reference to a target at some point. I guess I would ask what objectives the capital projects unit has in terms of the establishment of new major investments in northern Ontario, the number and the scale of such projects that are expected in the next year. I thought I had seen, although I cannot find it right now, a projection of what was expected in eastern Ontario, but there did not seem to be any target for northern Ontario.

I guess it was at the top of page 59. It says, "The commissioner is piloting the province's plans to attract eight major projects representing investments of more than \$330 million to eastern Ontario." That sounds like rather a specific target in terms of eight projects and a fairly substantial investment in eastern Ontario. I would like to know what the similar target is in terms of numbers of projects and amount of investment in northern Ontario.

**Mr. Dietsch:** Are you aware of the other parts of the province?

**Mr. Morin-Strom:** Yes.

**Mr. Dietsch:** Okay.

**Mr. Morin-Strom:** What part do you come from?

**Mr. Dietsch:** I don't have to drive on US highways.

**Mr. Morin-Strom:** You can always get there through Michigan.

Page 59, northern industry division: I think this was an important initiative of the ministry, from minority government days as I recall, but it is one that I think requires a lot more investment in terms of amounts of staff and budget, and probably with respect to influence within the government as well.

I think we have major projects in southern Ontario, particularly with respect to the automotive industry and the tire plants, such as in Napanee where we have one major project going to eastern Ontario in which the government has been involved, but we have not seen similar kinds of initiatives occur in northern Ontario, or rural Ontario for that matter.

I guess if I get time after I will ask a number of individual questions with respect to the remarks on northern Ontario.

One question on the overall program: I would like to see a breakdown in terms of the total spending on the technology fund and a regional breakdown where the spending has gone. In particular, how much of the technology fund has been spent in northern Ontario? I will also ask how much has been spent in eastern Ontario.

Finally, in terms of one of the largest projects in northern Ontario, which is not in the ministry statement at all, we have an ongoing commitment from this province for well over \$20 million—in fact, I believe the figure today would be well over \$25 million, probably approaching \$30 million—towards the development of King Mountain. This came from the BILD days, before this government. I believe it dates back to 1981, but it is an ongoing commitment that I understand is still in place until 1990, and requires a balancing in terms of private investment in order to get the government funds to actually flow.

Over the years, the exposure of the government has increased as well in terms of a demand loan that at last report from the minister reached \$602,000, as of the December 9, 1987, statement, just a little over a year ago. At that time the government was also providing a loan guarantee in the amount of \$500,000 as part of a \$1.25-million financing package to try to get the project off the ground.

I have no particular criticism of the status of this. I want to know, though, what the status is. What is the government's commitment now? What is the likelihood of the project going ahead?



Is there a deadline on either the demand loan, which is your current exposure, or upon when the private commitments have to be made in order to access the \$20 million plus of government funds that are still being held in abeyance under the old BILD initiative.

I think that summarizes my comments to this point and I will pass to my Conservative colleague.

**Mr. Sterling:** It is a pleasure to participate once again in the estimates of the Ministry of Industry, Trade and Technology. I am particularly pleased that we have the appointment of Gordon Gow who hails from the great riding of Carleton and perhaps will bring some sanity to this ministry with good down-to-ground eastern Ontario common sense. Maybe we in eastern Ontario will be graced with what northern Ontario has, with recognition through an assistant deputy minister for eastern Ontario within this ministry. That is the good part of my remarks.

I want to make some remarks with regard to the involvement of this government in the free trade agreement. As we all know, there has been a lot of rhetoric in the last couple of years as the Liberal government fought for political kudos and attempted to convince the public of Ontario that the free trade agreement would have a very negative impact on our economy and that the provincial Liberals could single-handedly halt the agreement if the terms were not exactly to their liking, and then, after winning the provincial election on that premise, promptly stated that the agreement was beyond their control. All they could do was continue their scaremongering in an attempt to have the electorate oust the federal government.

Now that the people of Canada have shown their support for both the Mulroney government and the free trade agreement in an overwhelming election victory and now that the agreement has been approved by our federal Parliament, I hope to see a more positive and organized approach to free trade by the government of Ontario.

1640

I hope to engage the minister in some discussion during these estimates as to what his plans are to ensure Ontario is positioned to take advantage of this new opportunity. Any words wasted on political face-saving at this stage will now be to our disadvantage. It should be clear to the minister, as I am sure it is to his ministry, that the time has come to put all the political game-playing aside and start making some very

clear statements that will help Ontarians understand the full scope and depth of this agreement.

As a result of your government's political grandstanding, our province is last out of the gate in dealing with the future under this agreement. I only hope we are able to catch up with other governments that did not lack the foresight of the inevitable.

Unlike the current Liberal government, I have an enormous amount of faith in our province, and indeed in all Canadians. I am convinced that free trade will provide a net economic benefit to Canada and we will all be watching to see just how quickly the minister and the ministry will play their role as we are affected by the free trade agreement.

I believe a lot of damage has been done by the Liberal government's chicanery during the course of negotiations for the agreement. I would like the minister to answer very clearly during the estimates what plans are prepared to repair the damage that has been done by his government. What plans are there to regain the confidence of the public, the other provincial governments and the federal government?

The Ontario government, in my view, has done a great disservice, not only to Ontario but to other provincial governments as well. What the Premier (Mr. Peterson) has effectively done is kill part of the consultative process that was a tradition in Canada regarding international trade negotiations. The Premier has made a mockery of the consultative process and put the federal government in the position of saying, "What's the matter?"

The Premier threatened court challenges knowing full well that he would be poorly advised to go forward with it. I told him he was bluffing and it is now obvious that he was bluffing.

The Ontario government was the only industrialized jurisdiction that opposed the agreement despite countless surveys and studies that showed Ontario would be a major benefactor from this agreement. What will the minister be doing to re-establish Ontario as a leader in manufacturing and trade rather than as a province that is afraid of competition? Will your government adapt a co-operative, constructive and proactive approach to the implementation of the free trade agreement between Canada and the United States and immediately cease your useless opposition to this agreement?

If enough damage was not done already with regard to the free trade agreement, I am absolutely aghast at the Premier's response to the General Agreement on Tariffs and Trade deal.



sion on imported wines and spirits. The Premier thumbed his nose at the free trade agreement when he had a better alternative, that better alternative being GATT, but now he is thumbing his nose at GATT. I understand that at the last meeting, in order to save face, the Premier ordered his negotiators to walk out and go home with their parochial marbles.

Surely he realizes that if he ignores the GATT ruling on wine markups, he leaves the door open for retaliation on another product, which will not necessarily be a major Ontario product. It might be one of importance to another province. The Premier is behaving in an irresponsible way by risking Ontario's relationship with other trading partners and with other provinces in Canada.

The Premier's and this government's attitude towards free trade and the free trade agreement and GATT has in my view been that of a government playing a parochial game of politics to the hilt. The rest of the world has to be laughing at us in Ontario. Because of the Premier's actions, Ontario has been seen as inward-looking, with a petty, narrow-minded government that has no vision for Canada or for what world trade is all about. The Ministry of Industry, Trade and Technology will have to work exceptionally hard over the next few years to repair the untold damage that has been done to our reputation as a trader.

I want to talk briefly about a few of the programs your ministry has seen fit to cancel in this past year. First, I want to talk about the innovation centres. I cannot help but feel perplexed about your ministry's intention to decrease or in some cases totally eliminate programs which would appear to assist Ontarians in positioning themselves for international competition. I refer to the cancellation of 22 innovation centres in Ontario's colleges and universities.

These centres provided advice and support to innovative entrepreneurs and inventors in the marketing and developing of new products. In the words of one of my constituents, Frances Ritchie of Woodlawn: "I am an inventor and have been a member of the innovation centre at the University of Ottawa. It was the best thing that ever happened to me and inventors like myself. The process of the inventor is very long, because he often does not have the money to obtain the materials, the tools, the advice, or the equipment to put his ideas together."

On Wednesday afternoon, I received a copy of the consultant's report the ministry used as justification for axing these centres. I understand

that this report, called Bridges to Enterprise, cost the taxpayers of Ontario some \$50,000, yet the report was kept hidden and was released only after considerable cajoling by me to your staff. After reading the report, which was produced over one year ago—it is dated December 16, 1987—I understand, Minister, why you were reluctant to release it to me or to the press.

May I read a couple of comments with regard to what this report said about a few of the innovation centres? "The University of Ottawa innovation centres provide services to the private sector which, although varied, are directed primarily towards providing assistance to inventors and to innovators and providing them with a forum and with access to a network of assistance from other organizations and agencies. Like many other centres, this one has had start-up problems and has only been operating at a reasonable level for a year or so. Under the leadership of the present manager, Anne-Marie Veeley, they had done a great job in public relations and provide a real service in the area to inventors."

The Windsor innovation centre: "The innovation centre at the University of Windsor provides a practical hands-on approach to directly assisting entrepreneurs and innovators, particularly via managers' contacts with industries for licensing and other purposes. The prime service appears to be one of directly helping individuals in taking their ideas to market and to commercialization via a network of industrial and other contracts developed by the manager of the centre. Interactions with the university, the public and the industry are active and positive. The centre became so busy as a result of the initial marketing effort that new thrusts are not being taken at present, but an effort is being made to service the existing clientele."

The Canadore innovation centre in North Bay: "The Canadore innovation centre is a proactive, community, private-sector-oriented service to entrepreneurs and inventors, with about 80 per cent of the clients and 100 per cent of the success stories to date in the entrepreneur category." In summing up, your consultant says, "The greater opportunity here seems to be for this centre to play a more significant role in the development of a stronger network of innovation centres throughout northern Ontario."

Hardly reasons, Minister, for closing these centres down. The report praised the work of many other innovation centres and indicated that the achievements at most of the centres during their very short lives had already been sufficient

to generate favourable comment and that they are bringing economic benefit to their communities.

1650

The report made recommendations for improving the program and suggested the centres be revamped and given a more specific mandate. The report did not recommend cancellation of the innovation centres. Section F of the report offers considerations for new initiatives: technology transfer offices at southern Ontario universities, startup support offices at Ontario colleges and universities, and innovation offices at northern Ontario colleges and universities.

The report, Minister, as I said before, was made in December 1987. Why did you or your ministry not take the recommendations which had been made a year ago, and as the report describes, take "the lessons from what has been learned from these nurseries of experiences" and create something from this record of achievement?

The innovation centres in total in one year assisted over 2,800 inventors, entrepreneurs and companies in various manners. It cost the government \$2.2 million. Unfortunately, all the positive effects of the innovation centres cannot be determined because of the fact that some of them lived for a very short period of time, some less than a year, and it takes a much longer time to realize the ultimate benefit of a new idea or a new process or a new invention.

What the minister has done is to kill a positive learning experience, thrown out most or all of these people who have gained considerable experience in the networking mode and left them with virtually nothing. I now expect that the minister will make some statement in the near future, in the next throne speech, that he is opening startup support offices at all our colleges and universities in Ontario.

I would not argue with the closing of a centre which was not getting good value, but centres which were getting good value, like the three I read about, should not have been automatically axed with those that were not.

This government continually makes a commitment to high technology but its actions are inconsistent with that commitment. The ministry seems more interested in the optics of these programs. If it was a Tory initiative, it was bad. This ministry seems intent on recreating Tory programs with new red-label names.

I might add, Minister, that my problem and other people's problems with getting reports from your ministry is not peculiar to Bridges to Enterprise, which took over a year to obtain.

Some time ago I asked for polls from your government and was only able to receive those polls after I made a request under the Freedom of Information and Protection of Privacy Act.

I read from the Kitchener-Waterloo Record that your report on the centres of excellence program has been produced for some time, but you refuse to make it public as well. Perhaps you will pursue that one under freedom of information if you are not willing to produce that for the public to read.

I have had calls from a number of universities with regard to my obtaining this particular report on Bridges to Enterprise. They would like to see the report as it affects their particular innovation centre, and I think they are entitled to that as it is a public document.

The constituents of the Ministry of Industry, Trade and Technology are, probably more than those of any other ministry, very much affected by the initiatives of other ministries. While deregulation was a priority in the early 1980s, it has been neglected by the government over the past four years. While you have been off in the world experiencing and trying to sell Ontario, in spite of our free trade position the current government has made every effort to increase regulation through a variety of legislation, with little regard for the additional burden it is placing on our business community.

On that note, I believe that it is in order to really assess what the minister is doing to foster business in Ontario.

We need to hear you, Minister, take stands on issues like: workers' compensation; the increasing provincial tax burden; the increasing cost of municipal government; government salaries and benefits and how they affect the labour market; provincial government regulations and paperwork; labour laws and inspections; government grants to competitors; direct competition from your government; access to provincial government contracts, tenders, etc., and the shortage of qualified and skilled labour.

What I have just recited is a list of problems. Ontario employers have cited as the major impediments to the success of their businesses. The provincial government must bear the responsibility for every one of these items and you, Minister, should be heard on every one of these items.

The business community has been inundated with new legislation during the past couple of years, and you know that, Minister. The Ontario Chamber of Commerce's first recommendations in its 1988 provincial recommendations is



result of this government's inability to introduce legislative change at a rate the business community can comfortably absorb while still tending to business. Consequently, the chamber's resolution must be seriously considered by your government.

They say that in view of the numerous new administrative and compliance burdens from recent legislation that have been placed on business, there is an urgent need for a moratorium on legislative change respecting the workplace in order to provide time for the present statutory requirements to be assimilated and properly implemented for all employers, but particularly for medium-sized and small employers who do not possess all the necessary expertise.

They recommend that the government of Ontario not proceed at this time with more legislative changes, such as the proposed comprehensive revision of the Occupational Health and Safety Act and instead embark on a program of education and consultation to assist the business community in dealing with legislative obligations that have recently been put in place in a number of areas.

Is this recommendation by the Ontario Chamber of Commerce, which represents in excess of 50,000 people, and whose mandate is to promote and improve trade, commerce and the economic and human welfare of the people of the province, one that the minister is prepared to endorse and promote with his cabinet colleagues? I am quite aware that the Workers' Compensation Board is under the purview of the Ministry of Labour, but would like the minister to comment, from his position as a representative of business and industry, how he responds to industry charges that nonelected bureaucrats have been covertly expanding the scope of the workers' compensation program, which is wholly funded by employers and designed to cover only job-sustained injuries?

Progressive Conservatives continue to call for a royal commission into the entire Workers' Compensation Board. Our premise is that your amperg with the existing system is insufficient. We must rebuild from the ground up, beginning with the re-examination of fundamental questions, such as what sorts of disabilities are to be covered and who pays the shot. Would the minister be prepared to encourage his cabinet colleagues in this direction or does he condone the mess the system is in with the \$7 billion unfunded liability? What, Minister, is your

solution to balancing the books with regard to the \$7 billion unfunded liability?

Another major concern in the business community is the possibility of very threatening and unworkable proposals detailed in the Ministry of Consumer and Commercial Relations Directions report forming the basis for developing new consumer laws in our province. The research in this report was considered both flawed and incomplete. In the words of the Canadian Federation of Independent Business, this report is a potential recipe for chaos in the marketplace of Ontario.

Another time-honoured organization, the The Canadian Manufacturers' Association, which is very sensitive to the ramifications of legislation on industry, says: "The report is almost totally lacking in legal or statistical analysis. Omnibus legislation based on this report would rewrite decades of statutes and common law without a demonstrated and proven need. While we recognize that there are some specific concerns in the marketplace which need to be addressed, we firmly believe that a sweeping rewrite of all of Ontario's consumer statutes would represent legislative overkill and would impose an unnecessary drain on the province's general revenues."

#### 1700

The minister's first reaction will undoubtedly be "Not my department," but I believe he should go out of his way in the interest of the business community he serves to make it very much his business, as the proposals are expected to hit retailers, manufacturers and wholesalers particularly hard. He should ensure that his colleague the Minister of Consumer and Commercial Relations (Mr. Wrye) is fully cognizant of the concerns that have arisen since the release of the report.

These are, for example: (1) There is a very difficult burden of proof for retailers to defend themselves against 17 new consumer rights; (2) a multitude of new avenues to help consumers complain; (3) a multitude of new avenues for lawyers to complicate a consumer dispute; (4) a new business registration tax; (5) the use of business registration to expand bureaucratic power and punish business failures; (6) government censorship of advertising; (7) unfair warranty obligations dumped on small retailers; (8) unrealistic warranty expectations imposed on all service businesses; (9) major liability costs for Ontario manufacturers.

I think it behooves the ministry to examine the critique of the Canadian Federation of Independent Business of this legislative review process,



as well as the detailed analysis by the Canadian Manufacturers' Association and take strong exception to some of these proposed legislative changes. Let's not have the same mess as we have with the pay equity legislation. If we get into legislating in this area, let's first figure out how we are going to implement those changes.

I want to talk briefly about a piece of legislation that is now in front of the Legislature. I find it is quite amazing that the business community has not reacted to it in a strong manner. In fact, I talked to the Ottawa Board of Trade, and it was not aware that there were amendments at this point in time to the Trespass to Property Act that would severely limit its ability to control the atmosphere of its business.

While we appreciate that the government may be trying to respond to an allegation of a form of discrimination with respect to minority or youth groups who congregate in public places, the presence of these groups can at times adversely affect business by turning away legitimate customers, and we have some very serious concerns about the complicated piece of legislation that has been put forward.

While I do not condone discrimination of any kind, nor would any member of this Legislature condone it, I personally would choose not to have to fight my way through a group of rude, foul-mouthed or inconsiderate people to get to a place of business if I have other options. Does the minister realize what this legislation requires of business?

It means that the owner of a mall or a small store, a business, must first of all post rules of conduct. They must, in the terms of the legislation, be reasonable. It means that any behaviour that is not posted will automatically be assumed to be permissible. If a business owner neglects to think of some form of behaviour when he is posting the rules of conduct, it would be permissible under the terms of this act.

It means that when the owner feels that someone is violating the rules of conduct or is engaging in conduct that is not compatible with the public's use of the premises, he can ask him to leave. But how does he ask him to leave? He must inform the individual that he is not complying with these rules. He must give the trespasser written notice. He cannot ask him verbally to leave.

Now tell me: are the owners, the proprietors—think of the mom and pop stores in this situation—going to know all these rules for getting rid of somebody who is in their store? The owner must state the offence committed and must

specify which part of the premises the person cannot re-enter and, unbelievably, he must also mention the defence that the trespasser has available under section 1h of this act.

Minister, some of the people who operate small businesses have absolutely no legal training, and in many cases neither English nor French is their mother tongue. It is ludicrous that your government and you, as Minister of Industry, Trade and Technology, have allowed the introduction of this legislation to respond to what might seem like a rather crucial situation, or in some cases even a frightening or threatening situation by requiring the owner of a business to serve legal notice.

The minister should confer with the Attorney General (Mr. Scott) with respect to the concerns of the business community. He should ask the minister to withdraw this piece of legislation, to consult with the business community and to act after that consultation has taken place. This is an example of where legislation has gone forward and the government has asked small business to comply with more regulation, has established the basis for a greater possibility of confrontation between these groups and owners than before because you have created legal rights on both sides. In my view, you are not going to alleviate the present situation but are only going to heighten the confrontation between these two groups by creating a legal tangle.

Minister, the estimate of expenditures for your main office for 1988-89 shows an increase of 52.2 per cent over 1987-88. This begs the question. I would ask you to provide this information, writing, if you do not have the opportunity to tell me. How many employees do you have on your personal staff? What positions do they hold? What are their annual salaries? How has the minister's personal staff increased in number and total salary over the past two years? How many full-time staff does the Ministry of Industry, Trade and Technology have? How has this number changed over the past three years? How many staff were employed by the ministry on a contract basis in 1987-88, 1986-87 and 1985-86? What is the average length of time of a employment contract?

I am also very interested in your communications branch. This branch is of particular importance, considering the power of the pen and the message it sends on behalf of our province not only to Ontarians but when it comes to trade to the entire world. I notice that there is a 172 per cent increase in the estimated expenditure between 1987-88 and 1988-89 for the information

tion services branch. I would like to know the number of people employed in your communications department and whether this number has increased, decreased or remained the same over the past three years.

In addition, I would like to know what criteria are used in selecting candidates for communications positions and whether a competition has been held for each and every position which has been filled over the past three years. Can the minister also tell us how many news releases and how many news columns or articles have been produced by his communications department? A 172.4 per cent increase invites a lot of questions. What amount has the ministry spent on advertising during the past three years and how does that differ from the upcoming year?

On the subject of communications and information distribution, during the past year we have seen five small business self-help offices set up across eastern Ontario—in Smiths Falls, Trenton, Renfrew, Hawkesbury and Port Hope. While we appreciate efforts to develop economic growth in eastern Ontario, I think it should be noted that many local chambers of commerce in Ontario have been providing this kind of information service for many years as a public service.

1710 Interestingly, the Liberal Party's own task force on small business suggested that these one-stop business information centres should be done mainly through the use of private business organizations such as the chamber of commerce. Not only do these organizations have many facilities in every locality of the country, but they are run by business people who know the world of business as well as the local business climate.

With the urgent need to reduce both the deficit and the tax burden, would it not be better to provide these services through existing chambers of commerce? The Ontario Chamber of Commerce has made the offer to house the service in its local offices where possible, and I have recommended that the development of these centres be a joint effort of the federal, provincial and municipal governments, in co-operation with the various levels of chambers of commerce.

I would like to thank the minister for his very kind invitation for me to attend a ceremony at which he announced his new community economic development program for eastern Ontario. While I sincerely appreciate the invitation and his initiative to provide eastern Ontario communities with assistance to help foster economic growth,

quite frankly it was fortunate that I was otherwise engaged and not able to accept his invitation.

I am afraid the evening would have been a bit of a bust for me: to be there on stage as the MPP for Carleton and to hear and applaud the minister's announcement, then hear the minister announce that the regional municipality of Ottawa-Carleton, which I represent, is the one eastern Ontario community that will not be covered by his program.

This program is too new yet to see if the assistance offered is going to meet the intended objectives of promoting balanced economic growth in eastern Ontario and fostering community self-reliance and local initiatives, but I certainly welcome the effort of the ministry.

My initial reaction is that there could be some problems arising from the program, which necessitates municipalities grouping together at the county level. I have heard from several municipalities that often, within a community, one municipality is competing with another to attract industry. I see a potential concern here. I hope that the minister has taken the situation into account and that industrial commissioners will be dealt with in a considerate fashion.

My antenna also went up when I read page 8 of your speech when you were announcing the program. I am concerned when you say, "Be aware...that the economic strategy you design will be the yardstick against which all of your future requests for economic development funding to the province will be measured." You go on to say, "All of our future participation will be based on how well any given project helps further the strategies outlined in your plan."

What happens to communities whose strategies or plans are not up to snuff, where despite their best intention or through circumstances beyond their control, their long-term economic plan is not up to the applicable standard? Does temporary community mismanagement necessarily mean being locked into perpetual stagnation?

Perhaps the minister can explain just what he meant. The remarks could certainly be taken as a threat to some of the less sophisticated centres rather than an encouragement to participate in this program of intended opportunity. We do not need limitations on economic growth in eastern Ontario; we need encouragement. I hope you can ensure a balanced economic growth throughout the region and province.

On the matter of the new ventures program, I notice the minister and the parliamentary assistant have been heralding the success of the



program, using as a measure of success the number of businesses that have started up with the assistance of this program. According to the ministry, in my riding of Carleton alone there were 93 new small businesses which had availed themselves of this assistance.

I would like to ask the minister, though, how they are monitoring this program in terms of how many are still in business after a given period of time. My curiosity was twiggled by the fact that 17 of the congratulatory letters that I sent to the subscribers of the new ventures program—that is 18 per cent or almost 20 per cent of the 93 people—have been returned with an indication that they were no longer at the address provided by the ministry.

**Mr. Dietsch:** Darn that Canada Post.

**Mr. Sterling:** One of the few complaints that has come to my attention about the new ventures program is that the time frame may be too restrictive for someone entering business for the first time. Some new entrepreneurs feel that they need more time than the 90 days from registration of the start of the business and find that having to be operational within four weeks of the loan is somewhat constraining.

The program was originally aimed at women and youth. It is primarily those people who were targeted. I am told that 28 per cent in all new ventures programs were women. Minister, could you provide me with the breakdown of the other 72 per cent? How many were youthful entrepreneurs?

The parliamentary assistant was kind enough to provide the names of the people of my riding who have taken advantage of the new ventures program. I would also like to be provided with a list of every new ventures program participant in our province.

I would also like to ask the minister to do a rethink on what I think I see as a two-class system in the program. The ceiling for new ventures is \$15,000 for some areas of the province and \$30,000 for the north and the northeast regions. We understand that the intention was to assist those areas that are suffering economically. Why was eastern Ontario excluded?

I think things like the unsightly cost of rent in downtown Toronto should also be taken into consideration. With the high cost in Metropolitan Toronto, \$30,000 in startup money does not go very far and seems inadequate when compared to the \$45,000 one would have by taking full advantage of the program in the north.

Is the minister considering a review of these ceilings to keep up with inflation and changing

circumstances? Any time the government gets involved in picking certain areas to benefit certain industries to bestow grants upon, it is really entering into a dangerous game of picking winners and losers.

It seems to me that is exactly what the Premier's Council is doing. They are handing out money to picking winners and losers and guaranteeing their choices with megabucks. An interesting part of this compelling document, *Competing in the New Global Economy*, Volume I, is the statement on page 13 where a distinction is made between traded and nontraded businesses. I would quote it:

"Government has often been indiscriminate in devoting too much of its resources to nontraded businesses which do not compete in world markets, to smaller businesses which are not the primary drivers of the wealth creation process and to fixed asset assistance which does not benefit high-growth industries in need of more strategic investment in R and D and marketing."

I trust that the council is aware that small businesses are responsible for 90 per cent of the net job creation in Ontario. Small business is not a second-class citizen. A lot of small businesses are trading. The only way some of the Premier's Council stars which are being groomed to compete in the world market reached their size and distinction was through a network of indigenous smaller endeavours.

Picking a winner and backing it up with megamillion dollars should guarantee success although we all know even that was not the case in some of your early choices. Competing in the New Global Economy presents 22 recommendations, which I am sure are all commendable goals, given the stature and dedication of the Premier's Council members.

**Mr. Black:** Can you slow it down for a second?

**Mr. Chairman:** We seem to have a point of order. Mr. Black?

**Mr. Black:** This is a serious point of order, Mr. Chairman. I wonder if Mr. Sterling might give us some indication of how much more time he will be using so we have some further indication of what might be left for members of the Liberal caucus to question the minister.

**Mr. Chairman:** Or for the minister to respond.

**Mr. Sterling:** I think we discussed this before. Mr. Black was here today.



**Mr. Black:** I apologize for being late, Mr. Chairman. Perhaps you could inform me of how much more time Mr. Sterling is going to take.

**Mr. Chairman:** I have no idea how much more time he is going to take.

**Mr. Sterling:** I will not take more than another five minutes.

Competing in the New Global Economy presents 22 recommendations, which I am sure are all commendable goals, given the stature and dedication of the Premier's Council members. How many of these recommendations does the minister endorse? How many recommendations does your government endorse? Which ones will you be acting on and can you give us a time frame?

The Liberal government undertook to provide French-language services in some areas of Ontario where warranted in terms of population. It seems that your government has taken upon itself to also provide French-language services to communities that neighbour the ones that are designated as requiring French-language services.

I would like to ask the minister what number and what percentage of positions within his ministry have now been designated as requiring a knowledge of French? Do employees who are unilingual English have equal opportunity within your ministry and do those wishing to be hired by your ministry have equal opportunity? Please provide me with a list of every employment opportunity over the past three years and at each level regarding this information, and how many of these jobs gave preference to a bilingual candidate.

In closing, I want to say to you that the business community is not pleased with your government. The business community, small and big business, supported free trade. Your government opposed it. The business community continues to strive for fewer regulations in order to survive in a more competitive world market. Your government has not even maintained the status quo. Your government continues to make it more difficult to carry on business in Ontario through passing laws which involve mountains of red tape.

The business community realizes that times have been good in the last four or five years. It believes in putting something away for a rainy day. Your government has had a tremendous increase in revenues over the past three years, but our spending has outstripped inflation by at least a ratio of two to one.

Your government had an excellent opportunity to show sound fiscal management and has failed. The Ontario economy is prospering not because of your government, but in spite of your government. It is my hope that some action will be taken now and in the near future to reverse the direction of your government so our business community will start to regain some of the confidence in the ability of our politicians to govern this province.

**Mr. Chairman:** In keeping with the long-standing tradition in this place, we will ask the minister to respond to the two opposition critics now.

**Hon. Mr. Kwinter:** I welcome this opportunity to respond. Unfortunately, for those of you who listened, you will know that that was a very long-ranging critique of what was a very comprehensive statement of the activities of my ministry. As a result, long questions justify and elicit long answers. I can tell you that I can barely address the first page of Mr. Morin-Strom's comments in the time remaining, so there is no way that I will be able to address everything. But I will try to do the best that I can.

I would like to start off, first of all, with a very, very general statement; I think it is absolutely critical to what we as a government have to do. I appreciate where you are coming from and that most of what you talked about had a northern thrust. To even suggest this government is not concerned about the north just flies in the face of the facts. It is totally wrong, but I think it is important you understand a particular problem that we have.

At one time in Ontario, and in Canada for that matter, most of the competition was perceived to be either regional or provincial, so everybody was always looking over his shoulder to see what the Golden Horseshoe was getting vis-à-vis southwestern Ontario, what eastern Ontario was getting vis-à-vis southwestern Ontario, and what northern Ontario was getting vis-à-vis everybody else. There was a feeling that we should be spreading the wealth and certainly there is no one who can object to that. But it is not a mutually exclusive program.

I want to talk specifically about the whole area of providing economic balance. We have to provide economic balance, which is true, and we have done that with our relocation program. We have done that by putting an assistant deputy minister in the north. We have done that with all of the programs we have developed for the north.

But we have to be mindful that unless we get ourselves in a world competitive position, we

may have a great, balanced program within the province, but our economy is going to take a nosedive because we are particularly vulnerable. We are probably the jurisdiction in the world most dependent on export development. Fully 35 cents of every dollar you have in your pocket—

**Mr. Morin-Strom:** That is an exaggeration.

**Hon. Mr. Kwinter:** No, that is not an exaggeration at all. I am saying to you that if you take a look at the gross domestic product, you will see that fully 35 cents of every dollar you have in your pocket in Ontario is there because of trade.

What we have to do is make sure that we balance those, but not to the detriment of our economy. You may think it is an exaggeration, but if you look at the figures you will see that in the last year Ontario has enjoyed the most vibrant economy in the industrialized world. In order to keep that going we have to decide what the role of this government is in maintaining that particular economy, without forgetting that we do have regional discrepancies.

It is absolutely critical; and the problem is magnified, not only in Ontario but in Canada. Just to give you an example of an area we are very sensitive to and very involved in at the moment, we now have in Ontario about 52 per cent of the aerospace industry. I am using that as an analogy because let's say southern Ontario dominates the economy of Ontario very much in the same way. The federal government has decided arbitrarily that Ontario has the automotive industry and as a result would like Quebec to have the aerospace industry.

Now that is great for Quebec; I have no quarrel with that part of it if they had said, "Quebec will have all of the aerospace industry and we are going to develop an absolutely world-class aerospace industry." But what they are doing is fragmenting the industry in the interests of regional development. They are saying to the aerospace industry: "Notwithstanding that you are developing a critical mass, say in Ontario, we cannot have that much activity in one area. You must diversify and build some of it out in the Maritimes, in Quebec and out west, because we have to satisfy the regional development needs."

It makes great politics but it makes lousy business, because what happens is that you have a situation where the industry, which is relatively small in world terms—when you consider what the aerospace industry is—must be sold outside of Canada. Canada cannot sustain and support an aerospace industry. So what we have to do is deal with the politics of that.

1730

I want to talk and tie that into your comment about the centres of excellence. When we developed the centres of excellence program, the last thing we wanted it to be was a regional development program; that was a conscious decision.

That is not to say we do not want regional development programs, but the whole idea behind the centres of excellence was to be the best in the world at what we do, which meant we would ask for proposals, those proposals would come in and if all the proposals were at the University of Toronto and they were to get all the money, so be it. It was not a decision to say "You know what? Toronto has too much excellence. Let us spread that excellence around." Obviously and surely, there must be some excellence up in Sault Ste. Marie. Let's go out and find it so we can fund it."

I am saying to you that is a laudable political initiative, but if you are truly saying to yourselves, "What we have to do"—this is what the Premier's Council has decided—"in order to compete in the global economy is to find the absolute very best wherever it is and promote it. Ideally we can get other areas in the province to participate and get some spinoff benefits, but we have to make sure we know what is driving this program.

**Mr. Morin-Strom:** Are you saying the pulp and paper industry is not critical for this province and not world-scale and world-competitive?

**Hon. Mr. Kwinter:** No, I am not saying that at all.

**Mr. Morin-Strom:** And lacking?

**Hon. Mr. Kwinter:** All I am saying is that they had every opportunity.

**Mr. Morin-Strom:** They have no need for research and development?

**Hon. Mr. Kwinter:** Just listen for a minute. What I am saying is that the criteria, the ground rules for the centres of excellence program were laid out and anybody was invited to submit a proposal; anybody in any industry, there were no exclusions. Then an independent panel of experts evaluated them as to their viability, as to what they were doing and made the decisions. Those decisions were made strictly on the merits of the proposals. There were no regional development considerations.

I should tell you that interestingly enough, I was sworn in on September 29, 1987, I think, and on September 30 I went to St. John's, Newfoundland, to attend a meeting of minister



of science and technology. The day after I was sworn in I was on my way to this meeting. When I got there—I think you know, as part of our initiative through the Premier's Council—

**Mr. Sterling:** You weren't part of the cucumber caper, were you?

**Hon. Mr. Kwinter:** We targeted a goal for this province, to achieve 2.5 per cent of gross domestic product dedicated to research and development. At the present time—I am sure you know this figure because I have stated it several times in the House—the leading jurisdiction in the world for research and development is the United States with 3 per cent, followed by Japan at 2.8 per cent. We in Canada are at 1.3 per cent, although we in Ontario are at 1.7 per cent. We have targeted 2.5 per cent in 10 years.

This is something: At the first ministers' conference that was held here in Toronto, the Premier tabled a paper in which he challenged the other provinces and the federal government to match that target. When I went to St. John's to talk to my colleagues at a private luncheon we had their first reaction was: "Oh no you don't. There is no way we are going to get involved with a program. It will all flow to Ontario because that's where all the development takes place. We will only participate in this as long as it can be spread across the country and we have centres of excellence in every province," which is totally contrary to the concept.

It is great for regional development programs, and we have lots of them. All you have to do is take a look at what is happening in the various government programs—the Department of Regional Economic Expansion and the Department of Regional Industrial Expansion and all the others—and you will see where the bias goes. There is no question about that. That is fine; that's what they are, regional development programs. We have no quarrel with that. I should not say we do not; we have quarrels but we can understand where they are coming from.

But when we are talking about centres of excellence, that is what we are talking about; which gets me to the other comment you started off with on the whole area of travel and what we as a government are doing, and what I as Minister of Industry, Trade and Technology am doing travelling around the world.

I was curious to see that when George Hees announced he would not be running in the last election and was cleaning out his office—he at the time was the Minister of Trade and Commerce—he had a big sign over his desk that said YCDBSOYA. When the reporters were

doing the sort of closing interview, they said, "What does that mean?" He said: "That is a sign left over from when I was the minister of trade—it happens to every single minister of trade, they always get criticized for travelling. That sign means, 'You can't do business sitting on your ass.'"

Now, what happens is this—

**Mr. Wildman:** Everybody stand up.

**Hon. Mr. Kwinter:** There is an incredible misconception of the role and why the minister travels. I have to admit I get this from my own caucus members. Every time I come back, someone has some kind of crack about, "Where have you been lately?"

**Mr. Sterling:** Why, of the seven Liberals here, are you the only one with a tan?

**Hon. Mr. Kwinter:** Well, I will tell you it has nothing to do with travelling on behalf of the government.

**Mr. Black:** I just want to confirm that the minister is absolutely correct that we are just as concerned as you are about the holidays he takes.

**Hon. Mr. Kwinter:** There is an absolute misconception as to the role of the minister and why these things are important. First of all, you should know that in most countries, particularly in the Pacific Rim, and even in European companies, there is a hierarchy where everybody is literally trying to make sure nothing gets by him or he is going to be accountable.

I will give you a perfect example. I am sure you know that recently we concluded an agreement. When I say "we," I mean the Urban Transportation Development Corp. We are still finalizing the initialing of it, but we have agreement in principle to provide a rapid transit system in Ankara, Turkey.

Now, just about two years ago today, when I was still Minister of Consumer and Commercial Relations and Minister of Financial Institutions, I was asked to go to Turkey to help advance this particular cause. What happened was that the people from UTDC and their joint-venture partners, which are Gama-Guris, two major companies in Turkey, were having difficulty penetrating the bureaucracy. If a minister appears, he goes in at the top and sees the minister and tells him his problem. Rather than from the bottom up, it is from the top down. It makes an incredible difference. I was told when I left that meeting that I had advanced their cause by probably a year.

**Mr. Morin-Strom:** It is kind of like answering a question with a question.



**Hon. Mr. Kwinter:** Very much like it. We had the same thing happen to us in India when we went there last year. We have a company, Babcock and Wilcox, that has been frustrated for two years in trying to get a contract approved. Joe Clark had visited Minister Sathe, the energy minister in India, twice on their behalf and nothing was happening.

Finally, because of the nature of the kind of person I am, they asked me if I would go in and literally rattle the cage. I went in and said: "You've got to make a decision. You have given a commitment." The minister said he did not give the commitment. I said, "Well I'll tell you, Mr. Clark is of the opinion that you gave a commitment," and we cleared the air. Same thing: They said, "We could never have got in to see him."

Then of course there are trade missions. It is an ongoing kind of process. Today, I had a visit. You will probably see it in the press, he is coming again tomorrow: Ambassador Kitamura, the new ambassador from Japan.

He was telling me at a meeting we had in my office today that in 1976 an economic mission came to Canada to evaluate Canada as a place of investment for Japanese companies and it got a very negative report; the report came back very negatively. The mission came back again in 1986 and it had a more favourable report. It is coming back again this year.

He said, "You have already been to Japan twice." I could rattle off to him the various companies I had met. They had a feeling we understood what they were doing and what they required. That makes a difference. To put it as baldly as I can, the Minister of Industry, Trade and Technology is not travelling nearly enough. That is really a problem. It is a problem I am very conscious of because I have other responsibilities here.

**1740**

It is something where we have an incredible opportunity. The opportunities that are available in India, Russia, the Far East—Taiwan, Thailand, Singapore and Hong Kong—are unlimited. They are not going to come and just present themselves. You have to go out and work at them. You have to establish a profile for Canadian businessmen when they travel. That is what a minister does.

When a minister arrives in a community, the media are there and they are quite prepared to interview him and promote him. The government takes an interest and it gives a profile to the people who are on those trade delegations. I can

tell you that with or without the minister whenever we sponsor these things we get incredible feedback, because we are fortunate in that Canada is perceived as being the good guy on the international scene. We do not have any enemies. We have a reputation for being honourable and for having a highly developed technological society. What we have to do is capitalize on it. We really have to do that.

I would like to address some of the other things. In conjunction with that, I want to talk briefly about Leningrad and just explain that because I think it is important. You should know that when we do these trade missions, in the whole Ministry of Industry, Trade and Technology, it is a two-way street. We try to encourage investment in Ontario and we try to encourage technology transfer between Ontario and the other jurisdiction, but you cannot possibly expect, in any kind of transaction, that it is going to be a one-way deal. A lot of the people who are in these underdeveloped countries want to do business with Ontario, but they do not have the hard currency.

One of the biggest problems we had, not only with the Turkish subway deal but even with the one in Bangkok which we also got, was how do they pay for it? We have had to develop—it was really a Turkish initiative—this BOT, where you build, you own and then you transfer. You build it, you run it and once you have your investment back plus a predetermined profit, you turn it over. That is what we are going to do in these other jurisdictions. It is important that you have this creative kind of financing to make these deals work.

Let me tell you about the Leningrad project because I think it is important and answers your question as to why we are investing in Leningrad. You should know that we are not. We, as government, are not investing anything other than the facilitating fee we have paid to have some experts go to Leningrad and to have some Russians come here. Our role was through the Ontario International Corp., which was set up to stimulate contracts for Canadian-based and Ontario-based companies to do business overseas.

For those of you who have never been to Leningrad, you should know that it has the potential to be one of the finest tourist centres in the world. It was the home of the Czars. It was built by the Czars and was the capital of Russia for many years. The buildings are absolutely spectacular. Czar Peter the Great, who was a major architect, sent his people out and said, "C

around the world, find the best and do better." It is spectacular. The Hermitage has a collection of art that surpasses the Louvre. The only problem is that the splendour is magnificent, but the accommodation is lousy. One of the things the Russians have determined is that if they could only use this attraction to get people to come to Leningrad and spend their hard currency, there would be a tremendous source of foreign exchange for them. They have come to the realization, finally, that they do not have the capability of doing it.

What had happened is that Cyrus Eaton Jr., and I am sure you have heard of his father, put together a package with the Russians whereby he would lead a group that would build this project. For political reasons, it is easier for Canada and Russia to do business than it is for Russia and the United States. What he did is he came to us and said: "Here is a project that we have. I would like you to provide me with architects, contractors and project managers to put this deal together. I need someone who's got cold weather experience, who can build in a northern climate. I have to have people who know what they are doing." That is what happened.

Frank Miller actually, and I have to give him the credit for it, was the guy who sort of put this thing together. They put a consortium together made up of Cyrus Eaton Jr., whose responsibility was financing it, and the Canadian group, which was Webb Zerafa, PCL and—who is the other?

Interjection.

**Hon. Mr. Kwinter:** No. There is another project manager whose name slips my mind. They went over. They did a site evaluation and feasibility project. They then brought the Russians over from Leningrad and took them out to the Canada's Wonderland, SkyDome and the CN Tower and took them out to Edmonton to see the West Edmonton Mall. They convinced them that we had the technical know-how to do it. They've agreed in principle, and the only thing that remains to be done is the financing. That is not the responsibility of the Canadian group; that is the responsibility of Cyrus Eaton Jr. He is putting it together.

What benefits are going to accrue to Ontario? One of the unique things about this project is that they are saying: "We want a turnkey operation. You can bring labour, materials, whatever you want. Just deliver it to us in the quality and manner that you have them in Canada."

The contractor is going to benefit, the architects are going to benefit, the project managers are all going to benefit, and those benefits will

accrue indirectly to us in Ontario. That is the role we play. It is not a matter of our taking money from Ontario and investing it in Russia, because we are not; our investment—I could get you the exact figure—has been to provide the seed money to allow this group to go to Russia to evaluate the site, to provide the opportunity for the Russians to come here and to follow on until the project is finalized and it is on its own.

That of course is the role of the Ontario International Corp. They have done the same thing in Ankara and they have done the same thing with atomic energy plants that we are trying to pursue. It is a very important role for this government and for the economy of Ontario.

I would like to talk about the industrial restructuring commissioner, and he is here, and just point out the basic rationale behind what is happening. Again, to address your particular concern about how you cannot find anywhere in the Premier's Council report any mention of the fact that we should sort of disregard the resource industry and get involved in high technology: first of all I agree, there is no thought that we would disregard the resource industry.

What we have to do is make sure the resource industry remains competitive. We have to make sure that what we get away from—and there may have been a misinterpretation that we should get out of the resource industry, which we have no intention of doing. But traditionally, we have been known as hewers of wood and drawers of water and we are saying that we have to add to that the value added component. Instead of extracting those resources, whether it be chopping down trees or mining ore and then shipping it somewhere, either Finland or somewhere else to be processed, we have to develop the technology here to do it.

1750

**Mr. Morin-Strom:** Now you are trying to sound like me.

**Hon. Mr. Kwinter:** That is all right; it is not so bad.

**Mr. Morin-Strom:** That is right.

**Mr. Dietsch:** You got it all wrong. You are starting to sound like the minister. Now you are starting to understand.

**Hon. Mr. Kwinter:** Let me tell you one of the things that really impressed me. I had occasion on my visit to Leningrad on this project that we are talking about to stop in Finland. Those of you in the north will know what an incredible impact the Finns have on northern development in



Canada, in Ontario. I met with all of the major players in Finland.

Picture an economy that has five million people in total, is in a remote part of the world—when you get up into Finland, it is on the same latitude as Churchill, Manitoba—and a country that has not been heretofore really known in the outside world for its industrial technology.

Through a will of the people, directed by the will of the government, we now have a situation where the Finns are the largest producers of papermaking machinery in the world and the largest producers of wood harvesting machinery in the world. They are number three in the production of elevators. They are number one—a figure that just floored me, number one in the world—in the production of cellular telephones. They are the largest builder of ships in the world. When we were in Helsinki we saw these huge icebreakers being built for the Russian government by the Finnish shipyards.

They have 63 companies operating in Canada. We have one Canadian company operating in Finland. Of the profits of their exporting companies, 65 per cent is earned outside of Finland and 70 per cent of the employment of those exporting companies is outside of Finland.

When you take a look at this tiny country, isolated off from the world, it is out there competing on a worldwide basis and I can tell you we would do well to emulate what it is doing.

When I was up in the north and we went to the Sault and into all the paper factories, every one of them has a Finnish machine that is a \$150-million piece of equipment.

**Mr. Morin-Strom:** At St. Mary's Paper in the Sault their major investors, and of course the technology of their new paper machines, come from Finland.

**Hon. Mr. Kwinter:** That is right.

**Mr. Morin-Strom:** It shows what we could do if we put some emphasis on being the technological leader in an industry like that.

**Hon. Mr. Kwinter:** Right, but that is what we have to do, and what the industrial restructuring commissioner's job is: to take a look at those industries and find out how we can become competitive—not more competitive, because in many cases we are not competitive. We have to really get to the point where we are competing in a global economy.

He has just provided me with a report; I just got it today. We will make it available to you as soon as we can, but it is an area where we have identified those areas where there are problems

and potential problems, with or without free trade.

I really would like to spend an hour talking to you about free trade, because I have never heard such drivel in all my life as what came out of you on our motivation—

**Mr. Sterling:** That is what we listened to from you for a year.

Interjection.

**Hon. Mr. Kwinter:** No, no; I am just saying that I have—

**Mr. Dietsch:** Let's extend the time until seven o'clock.

**Hon. Mr. Kwinter:** I would like to have talked to you about that, but what is happening is that we have to get to the point where, with or without free trade, we have to be globally competitive. What the so-called—and I really say so-called because there is nothing free trade about it, it is a bilateral trade agreement—but what that agreement is going to do is force us to accelerate our restructuring to get us competitive.

I can tell you, January 1 came and I defy you to tell me one benefit that is discernible. I am sure that there are some out there, but to the average person in the street, if you went up to them and said: "We are now in the free trade regime. How do you like your new life?" They would look at you and say: "What are you talking about? It hasn't changed."

**Mr. Black:** How do you like it so far?

**Hon. Mr. Kwinter:** Yes. How do you like it so far? Exactly.

What I am saying to you is that the benefits that are going to accrue are going to accrue over a long period of time. In many cases they will not even be discernible.

Notwithstanding that, the interesting thing I noticed this today when I met with Mr. Kitamura. He wanted to know what I thought about free trade, what the implications were. As soon as he left I had a reporter in from the Italian counterpart of the Financial Post wanting to know the same thing. It is like they are more enthralled with the concept than they are with the actual facts.

That is one of the things that we have to deal with. We have to deal with the perception. It is an area that we are very concerned about. I am going to just address you, because we are really running out of time to address things.

To listen to you—and again I did not mean to be unkind, you know I would never do that—your perception is: January 1 came and all of the other



provinces are off and running and they are booming. Everything is going great guns and we are still in the starting blocks and have done nothing.

**Mr. Sterling:** You had better read my remarks.

**Hon. Mr. Kwinter:** I took them down very carefully. That was certainly the impression that you were trying to convey. How were we going to catch up, which is what you said? How come all these other provinces, every other jurisdiction in this country, is out doing these wonderful, great things?

All I can say to you is, if you take a look at the Globe and Mail today in the business section, they do a comparison of Quebec, Ontario, Manitoba, Saskatchewan, British Columbia and Alberta. By every single area you will see that not only do we not have to apologize for anything that we are doing in Ontario, we should be very proud of what we, as an economy, have accomplished.

What we have to do is continue—there are going to be problems—to be vigilant; we have to continue to be aware of where our opportunities are. I have said this from day one. The anomaly with free trade is that if there are going to be any benefits anywhere they will accrue in Ontario, but we are also going to have the most negative parts of it accrue in Ontario.

What we have to do is capitalize on the positive and minimize the negative. That is the role that we, as a government, play. That is what we have to do.

**Mr. Wildman:** It could be a song.

**Hon. Mr. Kwinter:** It could be. Did you have any business you want to do, Mr. Chairman?

**Mr. Chairman:** No.

**Mr. Dietsch:** Could we extend the hours?

**Hon. Mr. Kwinter:** I would be delighted to. Why do we not stay for a few more?

**Mr. Black:** I want to hear more in response to this drivell from the other side of the table.

**Mr. Chairman:** I think, given the clock—

**Mr. Dietsch:** It is important to the member opposite to get down those points so that when he addresses them in his leadership campaign he gets them correct.

**Mr. Chairman:** I am sure that Mr Sterling will appreciate your assistance if that time comes. Given the hour, may I suggest that we adjourn these estimates on vote 2001. If the occasion presents itself we will take up there again some time.

**Mr. McGuigan:** The minister reminds me—it must be about five years ago when a person came to me. He came to me simply because he knew me. He had a tentative helicopter deal with an outfit in California that wanted to manufacture helicopters in Canada.

It was really a federal matter. I was just sort of on the edges of it, but the deal was that the federal people would give him all the money that he wanted if he would go and manufacture the helicopters in Chatham, New Brunswick. I guess one of the reasons he came to me was that he wanted to go to Chatham, Ontario, and so did the California company. The result of it is they would not give him the money to go to Chatham, Ontario, so they did not come to Canada. As much as you try and want to do regional development, it does not always work out. We lost an industry.

Incidentally, one of the reasons they wanted to come here is that Canada has the biggest helicopter market in the world, with the north and the Arctic. We use more helicopters than any other country.

**Mr. Chairman:** On that note, we will commence again on Wednesday afternoon to deal with Mr. Wildman's private member's Bill 190.

The committee adjourned at 6 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Marland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Stoner, Norah (Durham West L)

Tatham, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitutions:**

Morin-Strom, Karl E. (Sault Ste. Marie NDP) for Mrs. Grier

Sterling, Norman W. (Carleton PC) for Mr. Wiseman

**Clerk:** Mellor, Lynn**Witness:****From the Ministry of Industry, Trade and Technology:**

Kwinter, Hon. Monte, Minister of Industry, Trade and Technology (Wilson Heights L)









No. R-28



# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

#### **Standing Committee on Resources Development**

Estimates, Ministry of Northern Development and Mines

Crédits, ministère de Développement du Nord et des Mines

#### **First Session, 34th Parliament**

Wednesday, January 25, 1989

Speaker: Honourable Hugh A. Edighoffer

Clerk of the House: Claude L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back of the issue together with a list of the members of the committee and other members and witnesses taking part.

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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 25, 1989

The committee met at 3:30 p.m. in room 151.

ESTIMATES, MINISTRY OF  
NORTHERN DEVELOPMENT AND MINES  
CRÉDITS, MINISTÈRE DU  
DÉVELOPPEMENT DU NORD ET  
DES MINES

**Mr. Chairman:** The resources committee will come to order to consider the estimates of the Ministry of Northern Development. I think before we proceed there should be an update on the schedule of the committee.

It was agreed by the committee that for a number of reasons we would not be sitting next week. The following week we shall be proceeding with the estimates of the Ministry of Northern Development.

For the balance of this week, we sit today with the Ministry of Northern Development. I believe, if Mr. Harris and Mr. Pouliot can confirm this, there has been a change in the schedule for tomorrow.

**Mr. Pouliot:** Yes, indeed. In consultation with the House leader for the third party we agreed and conveyed to the Minister of Mines (Mr. Conway) our intention not to sit tomorrow.

**Mr. Chairman:** It was not possible to get the 10 critics here tomorrow. That is the reason we cannot sit tomorrow, which is unfortunate. So our next meeting will be on Monday, February 6, for consideration of these estimates.

Are there any other procedural matters? If not, minister, welcome to the resources development committee. We look forward to consideration of your estimates. If you would care to introduce any of your people, we could then proceed with your opening remarks.

**Hon. Mr. Fontaine:** I would like to introduce Brock Smith, my deputy minister; Sheila Willis, executive director, corporate services; Terry Giggins, director of finance; Don Moorhouse, director of the northwest regional office; Mike Parker, director, northeast regional office; Bill Iverson, director of corporate planning; Margaret Green, executive assistant to the deputy, and Frank Miclash, my parliamentary assistant.

**Mr. Chairman:** We can now proceed with the minister's opening remarks.

**Hon. Mr. Fontaine:** I am pleased today to speak to the 1988-89 estimates for the northern development component of the Ministry of Northern Development and Mines.

As members are aware, this is a unique ministry, with complementary but distinct mandates for northern development and mines and minerals in the province. With offices in some 30 centres across the north, the northern development side of the ministry is committed to ensuring sensitive and sustainable economic, community and social development and an enhanced quality of life for our northern citizens and communities.

Le but du ministère est d'aider les gens du Nord à répondre aux défis auxquels ils font face, tout en les aidant à profiter des occasions qui surgissent visant le développement économique et communautaire.

**Mr. Dietsch:** On a point of order, Mr. Chairman: This translation thing does not work. I am taking French lessons, minister, but I have not attained the speed at which one would speak during an event such as this. I know the importance of the message and I do not want to miss it because of the lack of translation.

**Mr. Chairman:** Thank you. We will get you one that works.

**L'hon. M. Fontaine:** L'économie du Nord de l'Ontario a fait preuve d'une force considérable en 1988, bien qu'elle ait connu quelques points faibles sur lesquels nous devons nous pencher.

Une demande élevée, et des prix relativement hauts, pour les métaux et les produits de pâtes et de papiers, est à la source de cette force économique. Depuis deux ans, le prix du nickel a plus que triplé, tandis que le prix des pâtes kraft a connu une hausse de 60 pour cent depuis 1985.

Gains in northern employment started in 1986 and they have continued through 1988. The unemployment rate in northern Ontario last year averaged 7.4 per cent, compared to 8.2 per cent for the same period in 1987. In November the unemployment rate in northern Ontario dropped to 6.7 per cent, one per cent below the national average. It is hoped that it will continue to decline. A boom in gold mining and development has resulted in almost full employment of hardrock miners. The mining industry has

projected it will create 900 jobs in the coming year.

A new spirit of entrepreneurship is sweeping across the north, spurring development of new ventures, especially in the service sector. Major centres like Thunder Bay, Sudbury and North Bay are experiencing industrial growth, not so much in the expansion of industrial manufacturing, but in this service area which brims with potential in the north.

Inco is looking to hire 160 new workers in Sudbury, and has announced a \$700-million capital construction project which will help the employment picture in the construction industry in Sudbury.

The provincial government's northern Ontario relocation program, which I will discuss in detail later on, will boost employment in the construction industry throughout the north. The program will invest about \$200 million in construction for new facilities in Sudbury, North Bay, Thunder Bay and Sault Ste. Marie.

There are some problem areas, particularly for independent sawmills that have felt the impact of the 15 per cent federal softwood lumber tax on their operations and the impact of the United States dollar. Despite the problems, the forest industry as a whole remains reasonably optimistic about the future.

As an expression of this confidence in the future, several pulp and paper producers are planning major capital expenditures within the next few years. Three companies, for example—Boise Cascade in Kenora and Fort Frances, James River-Marathon Ltd. and St. Mary's Paper in Sault Ste. Marie—are expected to spend a total of more than \$500 million on modernization initiatives in the coming years.

To assist northern industry to adapt to emerging market trends, the provincial government appointed an industrial restructuring commissioner to work with the forest products industry to develop new strategies and help in planning for the future.

Depuis son ascension au pouvoir, notre gouvernement a mis en branle plusieurs mesures, qui ont donné aux résidents du Nord un plus grand sens d'appartenance et une plus grande responsabilité face aux politiques provinciales qui les concernent directement.

Cette réalisation est directement liée au fait que nous avons été tout oreilles face aux requêtes du Nord, par l'entremise du Comité sur les communautés à industrie unique; par d'importantes conférences auxquelles a assisté le premier ministre Peterson à Sault-Sainte-Marie et à

Thunder Bay; par la tenue de réunions du Conseil des ministres dans le Nord; et par la mise sur pied des conseils de développement du Nord.

Nous avons également donné au Nord des moyens accrus d'effectuer des changements par les conseils de développement du Nord et par le Fonds du patrimoine du Nord de l'Ontario. Les CDN sont composés de gens soucieux, dévoués, venus de partout dans le Nord. Ils comprennent les problèmes qui perturbent les régions. Ils sont donc en mesure de nous faire part de l'importance et de l'urgence de leurs préoccupations.

Likewise, the northern Ontario heritage fund board of directors reflects wide northern Ontario representation. For the first time in our history we have a \$360-million fund that will be administered by northerners.

The northern Ontario heritage fund's board of directors held its first meeting in Sault Ste. Marie during the summer. Since then, the board has met six times throughout the north to further refine its terms of reference and to review special projects.

One of the board's first decisions was to allocate up to \$10 million a year to the Northern Fund program, a small business incentives program about which I will speak further.

The creation of nine northern development councils three years ago has provided all regions of the north with a greater voice at Queen's Park. The NDCs have been involved in scrutinizing a wide range of issues and exchanging their views and ideas with me and officials from the ministry. The first annual meeting of the NDCs was held in Sudbury in November and it was quite a successful event.

Since 1985, the budgetary allocation for the Ministry of Northern Development and Mines has increased by almost 60 per cent, from \$190 million in 1985-86 to \$303.3 million for the 1988-89 fiscal year, an increase of \$112 million. Such an increase clearly underlines the government's firm commitment to the resident business, industry and communities of northern Ontario.

**Mr. Black:** On a point of order, Mr. Chairman: Do I understand correctly that the government has increased by almost 60 per cent its spending over a three-year period? Is that right?

**Hon. Mr. Fontaine:** Yes.

**Mr. Chairman:** I think we had better let the minister complete his opening remarks.

**Mr. Pouliot:** Before this charade, this kind of blatant propaganda continues, can we not be

little more businesslike and at least have an agreement with respect, Mr. Black, that we will endeavour not to waste the committee's time any further?

**Mr. Chairman:** Let us allow the minister to complete his—

**Mr. Pouliot:** We can play the same game.

**Mr. Chairman:** Mr. Pouliot, let us allow the minister to complete his remarks.

**Mr. Wildman:** I think everyone is being reasonable. If Mr. Black cannot read, surely we can allow it to be repeated for him.

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**Mr. Chairman:** Go ahead, Minister.

**Hon. Mr. Fontaine:** Many initiatives funded 1988-89 did not exist three years ago: the northern development fund, the northern Ontario heritage fund, the Ontario transportation improvement initiatives, northern roads acceleration and the northern Ontario relocation program.

This government introduced the \$100-million northern development fund, the NDF, in October 1985. The NDF is part of my ministry's budget and is designed to stimulate and encourage worthwhile and innovative programs across the north by both the Ministry of Northern Development and its colleague ministries. This year alone, \$28.7 million was allocated by the fund.

These projects support specific objectives, including: the modernization or diversification of northern industry; strengthening tourism and agriculture; encouraging entrepreneurship; responding to native economic needs, and encouraging the use of technology to overcome distance barriers in the north.

Le Programme de déménagement du Nord de l'Ontario est, sans aucun doute, un des projets les plus ambitieux, et d'une importance économique égale, à être entrepris par un gouvernement dans l'histoire du pays.

Neuf différents ministères et agences gouvernementales, dont trois sièges sociaux, seront réaménagés dans cinq communautés: Thunder Bay, Sault-Sainte-Marie, Sudbury, North Bay et Timmins.

Ce programme de déménagement apportera quelque 1600 postes dans le Nord, ainsi qu'une masse salariale d'environ 50 millions de dollars. Il engendrera environ 200 millions de dollars en coûts de construction, et encore plus d'avantages secondaires.

The government has ensured that northern participation in the design and construction of these buildings has been maximized. More than

half of the \$15 million spent for the design work has been contracted to northern firms, and, to date, of the \$68 million worth of contracts awarded for the various relocation construction projects, \$63 million have gone to northern firms.

Currently, four of the buildings, including the Ministry of Northern Development head office in downtown Sudbury, are under construction. Construction will begin this year on the Mines and Minerals Research Centre on the Laurentian University campus in Sudbury. That building will be the new home of the Ontario Geological Survey.

Two construction projects are under way or slated to begin shortly in Sault Ste. Marie: a multi-agency building housing offices of the Ministry of Natural Resources, the Ontario Lottery Corp., the Ministry of the Solicitor General and the Ministry of Industry, Trade and Technology, and MNR's Forestry Research Centre.

In Thunder Bay, construction has begun on a facility that will house offices of the Registrar General's section of the Ministry of Consumer and Commercial Relations and the student awards branch of the Ministry of Colleges and Universities. In North Bay, construction of the Ministry of Correctional Services head office is well under way.

One of the key benefits of this relocation effort, I believe, is that it will bring the Ontario government closer to the people of the north and make it even more sensitive and responsive to the concerns of the citizens and communities of this vast region.

The mandate of the Ministry of Northern Development is quite diverse, particularly in my area of the ministry. We on the northern development side play a number of roles, including that of advocate and facilitator for the people of northern Ontario, ensuring their access to the wide range of services the provincial government and its ministries offer.

We also play a significant role in co-ordinating the efforts of other ministries to ensure that their programs are appropriate to the north.

With the funds assigned to us, we may provide supplementary assistance to augment and complement projects and programs being underwritten by other ministries.

In other cases, we may use our funds to operate our own specific programs, programs tailored to promoting a broad range of development opportunities that will enhance the quality of life for northern citizens.



Dans le domaine du développement économique, notre stratégie comporte plusieurs volets. Dans le cadre du Programme d'agences municipales de développement économique (MEDA), nous avons fourni des fonds aux municipalités, petites et moyennes, pour qu'elles mettent sur pied des agences communautaires dévouées à la diversification économique.

Ce programme octroie jusqu'à 500 000 \$ sur une période de cinq ans — ordinairement en versements allant jusqu'à 100 000 \$ par an — pour mettre sur pied une agence municipale de développement économique.

Au cours du dernier exercice financier, douze localités partout dans le Nord ont profité du programme MEDA, portant à 18 le nombre total des communautés qui ont reçu une aide financière dans le cadre de ce programme.

Iroquois Falls, par exemple, aura reçu 80 000 \$ cette année pour créer une agence de développement économique. Un financement continu est assuré pour les quatre prochaines années. Red Lake recevra 430 000 \$ au cours des cinq prochaines années; Atikokan en recevra 500 000 \$. Ce ne sont là que quelques exemples.

The northern community economic development program also supports municipal economic development ventures by providing advisory services and financial assistance of up to 75 per cent for opportunity studies, municipal promotional brochures and community economic development seminars. For example, the Northwestern Ontario Women's Decade Council received a \$30,000 grant to conduct a socioeconomic study of women in the region, the findings of which will help the government to develop new policies and programs affecting women.

We have established an interministerial steering committee to develop the Buy North initiative. A series of seminars were held last winter, and more are scheduled for this upcoming months to inform northern entrepreneurs on how to do business with the government. This venture was undertaken in collaboration with the Ministry of Industry, Trade and Technology and the Ministry of Government Services.

As part of this initiative, my ministry and the Ministry of Industry, Trade and Technology are conducting a northern Ontario business services sector study, and we will also be publishing a northern directory of manufacturers and business services.

This fiscal year saw the end of the \$30-million northern Ontario regional development or Nordev program. Because of its success, I asked the northern Ontario heritage fund's board of direc-

tors to review the components of this program see if a new program, under its auspices, could be developed to continue this type of assistance.

After thorough analysis, the board decided to adopt several of the criteria contained in Nordev to create Norfund, which now provides a wide range of assistance to businesses, municipalities and small-scale industries for a variety of programs, including job creation, infrastructure improvement and tourism marketing.

**Mr. Wildman:** Can you tell us the difference between these two programs?

**Hon. Mr. Fontaine:** There is more.

**Mr. Dietsch:** Listen carefully. You can probably learn as things go on.

**Mr. Brown:** Mr. Chairman, I should point out that the opposition members are deliberately delaying the minister in his presentation.

**Mr. Wildman:** I am sorry. I apologize.

**Hon. Mr. Fontaine:** Over the past year Nordev committed more than \$4.6 million in assistance to 117 projects, worth an estimated \$41.4 million.

Jusqu'à présent, Norfund a accordé 3 millions de dollars à 107 projets de petits commerces. Cette aide financière engendrera un investissement total de 29,2 millions de dollars dans le Nord; et on s'attend à ce que 34 nouveaux emplois soient créés pendant la première année.

Norfund considère actuellement les demandes de 108 autres projets, ayant une valeur de 5 millions de dollars. Ces demandes touchent des secteurs aussi variés que: la fabrication de métaux pour l'industrie à base de ressources, l'imprimerie commerciale; des études du marché sur l'exploitation du granit; et la fabrication de meubles.

Major waterfront development projects were either undertaken or continued in a number of northern Ontario communities this past year with financial assistance from the Ministry of Northern Development and Mines. These projects were supported in concert with other government ministries, including Tourism and Recreation and Treasury and Economics.

My ministry has taken the lead in working with communities to revitalize their shorelines, and in 1988, northern communities received \$6.1 million of assistance for waterfront development projects.

New Liskeard provides an excellent example of how municipalities, the private sector and different levels of government can work together on such projects. Our \$1.1 million in support

over the past three years, including \$80,000 this fiscal year, is spearheading a major park land, hotel and marina development on the shore of Lake Timiskaming.

The New Liskeard project should serve as a future model on how communities plan waterfront developments. It is also a good example of the co-ordination role my ministry plays in the north.

Other waterfront projects assisted this year include Little Current, Kenora, Dryden, Sioux Lookout, Hilton Beach, Longlac, Parry Sound and Providence Bay.

Economic development in northern Ontario is closely related to community development. Therefore, to enhance northern communities' capabilities to generate new business and industrial ventures, my ministry has supported community development on a wide scale, from recreational facilities through various water and sewer service projects.

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This past year, for example, my ministry allocated \$5.4 million in water and sewer assistance to 34 communities across the north. This program, done in concert with the Ministry of the Environment, helps northern communities shoulder the costs of these essential services.

Examples of this support include Cobalt, which received a grant of more than \$900,000 for a watermain installation project and a further grant of \$34,000 for the installation of trunk sewer lines; and Kenora, which received \$750,000 to complete servicing of the Lakeside Beach area and to initiate services in the Railway Street area.

Other projects assisted include the township of North Himsforth, White River, Blind River, Exdrift, Bruce Mines, Ignace, Moosonee and Al Rita-Harty.

Le maintien d'un système de transports moderne et efficace est essentiel à l'économie du Nord et à la qualité de vie des résidents du Nord. En 1988-1989, au-delà de 118 millions de dollars ont été consacrés, par mon ministère, à des projets de construction visant à améliorer le réseau de transports du Nord de la province.

De cette somme, 86,7 millions de dollars ont été consacrés à la construction de projets le long des autoroutes principales et secondaires, ce qui représente une augmentation de 9,4 pour cent sur le budget précédent. Sur tous ces projets, nous collaborons étroitement avec le ministère des Transports, qui effectue les travaux requis.

Dans le Nord-Ouest de la province, deux projets importants ont fait l'objet de réaménagement-

ments routiers cette année, soit : la déviation de la route 17 au nord de Kenora et la construction du chemin de Bending Lake.

Des travaux, d'une valeur de 8 millions de dollars, ont été entrepris sur le projet de déviation couvrant une distance de douze kilomètres à l'est et à l'ouest du carrefour de la route 659. Les travaux couvrant les six derniers kilomètres de ce projet seront entrepris en 1989, et le projet entier devrait être complété en 1991. Ce projet de déviation soulagera le problème d'embouteillage que cause la circulation plus dense dans les rues de Kenora.

More than \$5 million was spent on construction of the Bending Lake Road, linking Highway 11 near Atikokan to Highway 17 near Ignace. Approximately \$6 million will be spent in 1989, completing this 115-kilometre, surface-treated route. This new highway will shorten the connection between Ignace and Atikokan and provide access to significant timber resources.

In northeastern Ontario, major projects in 1988 included rehabilitation work to several sections of highways 11 and 17, plus sections of highways 64, 65, 66, 101 and 129. Important projects were also undertaken on secondary highways, including highways 560, 631 and 637. In 1988, two more passing lanes were added to Highway 69 south of the French River, and one passing lane was added to Highway 17 in northwestern Ontario.

Work will begin this winter on another northern priority roads project, when we initiate the clearing of the new Lochalsh-Goudreau Road to the Canamax and Muscocho mines in Finlay township. About \$250,000 will have been spent this year, with an additional \$1.5 million required to complete the road.

The northern Ontario resources transportation committee has assisted 47 projects valued at more than \$9 million. This funding reflects the high priority this government places on the growth and development of resource-based industries in the north. Examples of this include \$85,000 to extend the Hades Lake Road by 3.5 kilometres in the Geraldton area to provide access to timber and \$318,000 towards construction of a four-kilometre extension to the Snook Lake Road.

We spend more than \$500,000 annually on a winter road program for remote northern Ontario communities. Under this program, 530 kilometres of winter roads are opened across frozen lakes and tundra, allowing for the bulk-land transport of essential commodities, fuel and



building supplies, which otherwise would have to be flown in at greater cost.

Our \$4-million remote airport program ensures a reliable means of access to many isolated northern reserves. For many native communities, air transportation is the only access for supplies and other community services. In 1988, this program supported improvements to 10 existing airports and development work on seven new airstrips.

This program, for example, provided for the construction of an airstrip at the new settlement at Peawanuck after floods devastated the former community of Winisk. At the new site, there is now a 3,500-foot airstrip, completed over the past two years.

We also completed a major extension of the airport runway at Ogoki Post, and work is continuing on two new airports at Kingfisher Lake and Muskrat Dam. Both these projects will be completed in 1989.

My ministry places a high priority on the improvement of municipal transportation infrastructure. We continued to support municipal road projects in 1988 with \$7 million from our Ontario transportation improvement initiatives.

For example, we contributed nearly \$356,000 to the O'Brien Bridge replacement project in Caldwell township, east of Sudbury; and more than \$370,000 was allocated this year to the Manitoulin East Municipal Airport through the ministry's community airport program. Both the airport and the O'Brien Bridge were officially opened this fiscal year.

Through the Ontario Northland Transportation Commission, we provide rail, bus, ferry, air and telecommunications services to northern Ontario. Through November 1988, more than 640,000 passengers used the ONTC'S transportation services. Of these, 155,000 were bus users, 100,000 air passengers, 128,000 rail travellers and 260,000 ferry passengers.

Several new or existing ONTC facilities in northern Ontario were opened or improved this past year, including the \$1.5-million Englehart passenger terminal, which provides modern services for a 14,000-square-foot building for both rail and bus passengers.

Site grading for the new \$4-million North Bay passenger terminal was completed in December; a new \$650,000 passenger terminal in Timmins was officially opened this month, and a new 6,000-square-foot stores and maintenance building in Englehart was completed in November.

In addition, ONTC has budgeted \$24.5 million to introduce new rail passenger cars to its

service, including 16 coaches, four food service cars and four auxiliary power units. Two of those coaches, a food service car and one auxiliary power unit were completed in October and will make their inaugural run in February. Plans are to introduce five or six new cars to the rail service every year for the duration of this project.

In addition, hearings will be held this year in a number of ways of improving and rationalizing rail passenger services in northern Ontario. We are currently finalizing the appointment of the members to a commission that will conduct the hearings.

We are also in the process of finalizing an agreement to sell two Dash-8 aircraft to Air Ontario, allowing that carrier to improve its service to the north while permitting northern Ontario to improve its services to the smaller communities with modern, more appropriate aircraft.

The ONTC is also involved in a major study to determine the tourism potential of the Moosonee area. The study will examine options related to the lack of retail space, hotel and motel and restaurant facilities.

The Moosonee study shows that Ontario's Northland takes an active interest in the development of the communities it serves. For example, in 1988-89, the ONTC pension fund assisted in the construction of a \$9.5-million, 130-unit senior citizens' apartment complex in North Bay.

The ONTC has also started the second phase of the installation of a fibre-optics transmission system between Timmins and North Bay to meet telecommunications needs in Northern Ontario.

De concert avec le ministère du Tourisme et des Loisirs, nous continuons de traiter de façon prioritaire la promotion du Nord de l'Ontario et tant que destination touristique toutes saisons.

Le Fonds de développement du Nord a déjà consacré cinq millions de dollars au projet d'expansion de la station de ski Searchmountain près de Sault-Sainte-Marie. Cet octroi a contribué à l'acquisition de deux remonte-pentes; la construction de nouvelles pistes; une plus grande capacité de fabrication de neige artificielle; et l'agrandissement du centre de villégiature. Once these renovations are completed, these improvements will attract 72 000 persons.

This is the wrong figure. This year they attracted 54,000 and the maximum they want to go to is 72,000. That is their aim.

Par l'entremise de notre participation à plusieurs salons sportifs et foires commerciales partout en Amérique du Nord, et par l'aide financière que nous accordons aux pourvoyeurs touristiques, nous cherchons à promouvoir le Nord de la province comme destination touristique.



ue toutes saisons. Nous visons également à aider nos pourvoyeurs à rendre leurs services touristiques encore plus attrayants.

Numerous communities, tourist and travel associations received funding from my ministry this fiscal year to help enhance and develop their local tourism potential. For example, Fort Frances received \$250,000 towards construction of a downtown marina, part of an \$800,000 municipal project. A grant of \$132,000 was allocated to convert the former Great Lakes ferry the SS Norisle, moored on Manitoulin Island, into a tourist attraction and museum. My ministry had previously provided \$175,000 for initial renovation work to the ship.

500

Several smaller grants were allocated for tourism promotion and development plans to groups such as the Sunset Country Travel Association in northwestern Ontario, the Ilogoma-Kinniwabi Travel Association, the Imaguin-Nipissing Travel Association, and to such communities as Marathon, Sudbury andault Ste. Marie.

Our commitment to give northerners more decision-making power extended to the most sparsely populated areas of the region. Ten new local services boards were established across the north in 1988-89, giving residents of these incorporated communities more autonomy to administer a variety of services.

We have committed \$1.9 million towards programs for the unincorporated communities of northern Ontario in 1988-89; of this, \$444,000 went towards the operation of LSBs.

Local services boards in several areas were assisted by the unincorporated communities fire protection program, which provides grants to offset the costs of acquiring firefighting equipment or facilities.

In co-operation with the Ministry of Agriculture and Food, we have continued to be attentive to the needs of the north's agricultural community, particularly through the AgriNorth program, which, over the past year, has provided northern farmers with grants totalling nearly \$1.2 million.

AgriNorth provided assistance for improving the agricultural land base; for testing and demonstrating new technology on farms in the north; for developing and expanding markets for northern Ontario-produced commodities; for promoting increased production and marketing of seeds, grains and oilseed, and for the increased production and marketing of fruits and vegetables.

Lakehead University in Thunder Bay also received \$55,000 to continue its extension program to wild rice growers to help them improve their yields through modern techniques and thus provide new economic opportunities. This brings to \$1 million our total funding for this project.

As a result of discussions initiated in 1988, my ministry expects to be able to proceed with a joint study with private industry to assess the potential of establishing a phosphate fertilizer industry in northern Ontario and we hope to announce the details of the study shortly.

Fournir des services de soins de santé de haute qualité, accessibles à tous les gens du Nord, demeure l'une des priorités du gouvernement de l'Ontario. Mon ministère travaille de très près avec le ministère de la Santé pour pourvoir à ce besoin dans le Nord de la province.

Cet engagement comprend l'octroi de 5,1 millions de dollars au Programme de subventions d'immobilisations pour les soins prolongés (EldCap), qui est responsable de la planification et de la construction de seize centres de soins chroniques pour personnes du troisième âge - qui permettront à ces personnes âgées de demeurer dans leur communauté tout en recevant les soins nécessaires.

Un exemple de l'aide que fournit le programme EldCap est celui de l'hôpital Bingham Memorial à Matheson, auquel mon ministère a contribué 2,6 millions de dollars, et le ministère de la Santé 1,3 millions de dollars.

A l'heure actuelle, cinq projets d'EldCap ont été complétés à Matheson, Geraldton, Atikokan, Dryden et Smooth Rock Falls. Un projet est en voie de construction à Hornepayne, et dix autres projets partout dans le Nord sont encore à l'étape de la planification.

When it comes to recruiting health care professionals, we recognize that more must still be done to attract and retain doctors, nurses and other medical and health care specialists in northern Ontario. We have spent more than \$1.4 million this fiscal year on specialist incentives, bursaries and a medical recruitment tour of Ontario medical schools.

In 1988-89, my ministry allocated \$1.2 million towards 167 bursaries for health and social service professionals to provide a return of service in underserved areas of the north. The bursaries are awarded for a variety of disciplines, including general practitioners, dentists, speech pathologists, occupational therapists, social workers, psychologists and chiropractors.

My ministry also provided \$3.6 million to offset some of the costs of the four northern air ambulances based in Sudbury, Timmins, Sioux Lookout and Thunder Bay.

Several health care facilities received assistance this past year. My ministry and the Ministry of Health each committed up to \$200,000 to relocate the James Bay General Hospital's Moosonee clinic to more functional premises; Rainy River received \$80,000 to fund additional space for dental care at its clinic, and Sioux Lookout received \$11,000 to help equip an audiologic centre.

The Porcupine Health Unit in Timmins was granted \$60,000 for its foot care program, and the township of Fauquier-Strickland received \$27,000 to establish a dental clinic.

We also continued to support the four dental coaches that visit northern school boards in areas not serviced by a dentist. During 1988-89, the mobile coaches will have visited 10 communities and examined approximately 3,500 children.

In the area of education, the government maintained its commitment to provide northern residents with greater access to a wider variety of educational and vocational programs. This ministry works in close co-operation with the Ministry of Education and the Ministry of Colleges and Universities to assure these important services. In total, my ministry allocated \$6.2 million this fiscal year towards education for northerners.

The northern Ontario distance education access network, Contact North, currently has 33 communities as points for public access. This \$4.9-million initiative ensures that residents of small and remote communities have access to a variety of quality educational opportunities.

A unique pilot project in Sioux Lookout, sensitive to the needs of the native people, is being funded for a second year. The Sioux Lookout and area training needs and demonstration project has received \$444,000 to conduct vocational courses and upgrading. This is a co-operative effort between the Nishnawbe Education Council and Confederation College of Thunder Bay. Native students from many reserves and their families are accommodated in a special facility geared to meet their needs.

We have also made funds available to northern school boards that wish to look at ways to boost co-operative education in their secondary schools. To date, 13 boards have received funding to hold workshops to examine co-operative education.

For the second year in a row, we funded the summer school of science and technology at Laurentian University of Sudbury and at Lakehead University in Thunder Bay. A total of 18 students—anglophone, francophone and native—were selected from among a wide range of applicants who have demonstrated potential and interest in the sciences. This popular \$1-million project has provided excellence in science education opportunities for the students and professional development for teachers across the north. I am pleased to announce the summer school will again be funded this summer.

Plusieurs agences de services sociaux ont reçu de l'aide financière de mon ministère (le ministère du Développement du Nord et des Mines) lors du dernier exercice financier. La ville d'Elliot Lake a reçu 50 000 \$ pour un foyer de retraite; «Habitat Interlude», un centre de ressources familiales de Kapuskasing, a reçu 20 000 \$ pour produire un vidéo et des textes connexes en français sur la prévention de la violence familiale.

De nombreuses agences sociales, partout dans le Nord, ont reçu de l'aide financière pour oeuvrer dans des domaines variés des services sociaux et communautaires — de la violence familiale jusqu'aux besoins spéciaux des personnes du troisième âge.

Le Comité autochtone d'action contre la violence familiale, par exemple, a reçu 20 000 \$ pour mener une étude sur les besoins des centres de ressources familiales dans les communautés amérindiennes éloignées du Nord.

Thunder Bay's St. Joseph's Heritage received \$65,000 to start a new program to help support the more frail elderly in their own homes, and Beendigen, a native women's crisis home in Thunder Bay, received \$13,000 to furnish 12 housing units for victims of family violence.

This past year, my ministry introduced the supplementary northern assistance program to ensure that volunteer, nonprofit groups in the north can participate in arts, cultural, social and health activities. The program has provided \$400,000 for a variety of conferences, workshops, tours, minor capital projects and travel assistance. For example, the North Bay Symphony Orchestra received \$8,000 to perform concerts in several communities along the Highway 11 corridor in northeastern Ontario, and Overture Concerts received \$10,000 to stage children's play in several communities throughout the north.

We have continued to be attentive and responsive to the needs of native people through



out the north. My ministry has taken the lead provincial role in negotiating resource development agreements with native people, including the Dona Lake and St. Joe resource development agreements. These agreements address the concerns native residents have when resource companies plan resource extraction activities in the vicinities of native communities.

There are also three native members on the northern Ontario heritage fund's board of directors, and the fund itself is expected to play a role in future economic development of native communities.

In 1988-89, native communities received financial assistance from the ministry for a variety of projects. For example, the Weendahgman Treatment Centre in Thunder Bay received \$200,000 for furnishings to complete a \$1.5-million treatment centre on the Fort William reserve, and a native women's group from northwestern Ontario received \$5,000 to host an aboriginal women's conference to explore how indigenous women can deal with changes in native society.

#### 1610

We allocated \$45,000 to the Islington (Whitehog) Indian band to develop a tourist facility at Goshawk Landing in order to promote the area and create jobs, and Cree craftspeople of Moosonee and Moose Factory received \$64,000 to demonstrate canoe building and native crafts to tourists, a project that served both to employ local people and to create a tourist attraction for those communities.

In November, the government provided a grant of \$100,000 to Moose Factory Cable Television of Moosonee—this is owned by native people—to build a new station and purchase television reception and distribution equipment. The new cable service will provide television and FM radio service to 460 potential subscribers. Funding was made possible through the northern native business development program.

We are a young ministry, one that is evolving to meet the changing needs of the north. In 1988-89, the ministry went through a small reorganization. The policy and program development branch was relocated to Sudbury and the transportation and northern development divisions were combined.

Long associated with northern transportation issues, the assistant deputy minister, Herb Aiken, agreed to take on a number of very important and special projects prior to his retirement later this year. Mr. Aiken brings a depth of knowledge and experience to his role in

co-ordinating the government's response to the unique social and economic opportunities facing the communities of Moosonee and Moose Factory.

Finally, we have renamed the northern affairs officers as northern development officers to emphasize their role in economic and community development.

Je réaffirmais récemment, lors de la réunion annuelle des conseils de développement du Nord à Sudbury, que je n'avais qu'une ambition lorsque je me suis lancé en politique provinciale : c'était de faire même l'impossible pour contribuer à l'amélioration de la qualité de vie dans le Nord de l'Ontario.

Je suis fier de ce que le gouvernement de M. Peterson a accompli dans le Nord de l'Ontario en 1988-1989. Je suis fier de l'appui que nous, en tant que ministère, avons pu apporter aux gens, aux commerces, aux industries et aux collectivités du Nord pendant la dernière année. Nous avons fait une importante contribution aux projets qui ont amélioré la vie communautaire et qui ont stimulé la croissance économique dans le Nord de l'Ontario.

But more still needs to be done. This ministry, in conjunction with its partners in the provincial government, must remain sensitive to northern issues and concerns. Working to create more employment opportunities, improved community facilities, improved health, social and recreational services, improved transportation systems and more economic stability and diversity are among the challenges we will confront in the years to come.

As I said during my speech to the northern development council annual meeting in November, "We in the north have the strength of our regional character, and we have the conviction and the will to achieve a measure of economic independence, given the tools and the opportunity."

In the next year, as we prepare for the move of our ministry's head office to Sudbury, I am excited about the prospects of us truly becoming a northern ministry, both in terms of policy and programs as well as in physical location.

This concludes my introduction to these estimates and I look forward to taking your questions on this year's activities.

**Mr. Chairman:** Thank you. I am sure the spokesperson for the official opposition will have something to say.

**Mr. Pouliot:** I congratulate the minister on his acquiescence that indeed more still needs to be done. Those are words of wisdom. When you



start identifying the problems, you are some way into starting to do your job, really, which is putting forward the programs that will solve the discrepancy between our special part of Ontario and the Taj Mahal kind of mentality that has been experienced lately in southern Ontario.

Mr. Chairman, in terms of your guidance and leadership, is it customary that we proceed with our leadoff? Because there is so much to be done and so many things that are indeed missing, we could go on almost eternally in identifying the pitfalls and the shortcomings associated with the minister's presentation. If the minister and his staff feel comfortable, and members of the committee of course, I would like to humbly present our comments, with written remarks on the requests of our party in terms of the health care needs we intend to focus on.

**Mr. Chairman:** I am sure I can tell by the expression on the faces of the members on the government side that is indeed what they would like to hear.

**Mr. Black:** We are waiting with bated breath.

**Mr. Pouliot:** The New Democrats' written remarks in response to the Ministry of Northern Development and Mines estimates for 1988-89 will concentrate on a crisis gripping the province. I am talking here about the inadequate health care system.

However, in discussion after this presentation, we will be raising other important issues such as closures caused by the free trade agreement, insufficient road construction in northern Ontario, the use of the northern Ontario heritage fund and the freezing of unconditional grants to municipalities.

**Mr. Chairman:** Excuse me, Mr. Pouliot. There has been a clammering for copies of your remarks. Do you have any extra copies?

**Mr. Pouliot:** I had made available to our clerk about seven or eight copies, but given the restrictions—

**Mr. Chairman:** Thank you.

**Mr. Pouliot:** If I may continue, the lack of services and the lack of accessibility to existing health care in the north make Toronto, with all its problems, look like a Taj Mahal of health care or a paradise of health care. This is not to diminish the crisis proportions of the problems in the health care system in the south. It is to highlight the chronic seriousness of the difficulties faced by northerners.

Health care is a basic right. New Democrats have fought to ensure that Canadians have the best affordable and accessible system of care in

the world. It was the New Democrats, you will recall, under the leadership of Tommy Douglas who first established medicare in this country. Saskatchewan's example was a shining beacon that could not for ever be ignored. Finally, some 20 years later in the 1960s, the federal government set up a countrywide medicare system.

New Democrats in Ontario have consistently pressured the provincial government to provide health care to all its citizens. When we negotiated the accord with the Liberals in May 1985 that ended 43 years of Tory rule, health care concerns were high on the list. A ban on extra-billing by doctors, Bill 94, was essential to our support of the new government. We achieved that ban in June 1986.

In that accord, the particular health care needs of northerners were also high on the list. New Democrats had worked for more services in the north, particularly community-based and paramedical, that would respond to the difficulties inherent in serving a small population dispersed over thousands of miles.

Tory governments had failed to respond. New Democrats determined that if the services were not coming to the people, then the people should be able to go to the services. Jim Foulds, who was then our member for Port Arthur, put forward a resolution in the Legislature in 1984 that medically necessary travel for northerners should be covered by the Ontario hospital insurance plan. The resolution had the support of 70 northern municipalities. It did not have the support of the Tory government.

Again in 1985, when we drew up the accord with the Liberals, things were much easier then. They listened to the resolutions put forward by the party associated with social conscience. OHIP coverage of medically necessary travel for northerners was a non-negotiable item.

**Mr. Black:** On a point of order, Mr. Chairman: Are points of clarification in order?

**Mr. Chairman:** If they are legitimate points of clarification. I do not mind telling you I am suspicious already. What is your point?

**Mr. Black:** I do not have one. I just wondered if they were in order, should I make one some time during the presentation. Thank you very much; I appreciate that.

**Mr. Pouliot:** Northerners now have this coverage.

Moving people who require medical attention to overcrowded southern—usually Toronto—facilities was never seen as more than a stopgap measure. One can only plug the hole in the dam for so long before the pressure causes it to burst.

1620

New Democrats toured northern Ontario in 1984 and turned up a litany of problems caused by years of government neglect. The Liberal government has had three years to come to grips with these problems. Northerners have yet to see any marked changes.

I would like to draw to the attention of the committee that I represent the largest riding, with its 114,000 square miles, in Ontario. More important, many people in the riding of Lake Nipigon have never seen a live doctor, and we are talking about the year of our Lord 1989, so the focus of this presentation is to bring proof positive of the need for a better health care system in northern Ontario.

Northerners need medical attention and treatment just as those people living in the more prosperous southern region of this province do. They are tired of being treated as second-class citizens. That is the message we are receiving as we embark on yet another tour of the north to talk with people about their needs and how best to meet them.

For New Democrats and many northerners, our task force on northern health is a *déjà vu* experience. We have both seen it before. We travelled throughout the northwest in June 1988. In September, we started in North Bay and stopped in communities along Highway 11 to Kapuskasing. Next week, we will visit people in communities along Highway 17, from Terrace Bay to Sudbury, with some detours to towns like Marathon and Chapleau.

We will be presenting to this government a comprehensive view of northern health care needs and solutions—I emphasize “and solutions”—after the completion of our travels. I would like to raise with the Minister of Northern Development some of our initial findings. Northerners have the ingenuity and the willingness to deal with problems in health care caused by a sparse population spread over thousands of miles. What they do not have from this government are the necessary resources to deal with the matter effectively.

The New Democrats' northern health care task force heard many variations on this theme in the over 100 submissions we received in hearings in North Bay, New Liskeard, Kirkland Lake, Kapuskasing, Cochrane, Timmins, Atikokan, Dryden, Emo, and of course the city of Thunder Bay.

Native people want control of the administration of health care on their reserves. Franco-

Ontarians need services to be provided in their language.

Health professionals, including specialists, general practitioners and therapists, could be attracted and retained in the north if there were a medical school in the north. Nurses, in particular nurse practitioners, could provide much-needed care in our smaller communities. Many dedicated people are ready to deliver mental health care services, home care and drug and alcohol treatment in the community, but are handcuffed simply by the lack of funds.

Priority must be on prevention of illness. To free up the resources needed, there must be a change in your government's attitude to health care. Priorities must shift from the treatment of illness to the promotion of wellness. Presenters to the task force underlined the millions of dollars that could be saved if people received care and help in their community, in their home and with their family.

The Ministry of Health's budget reflects the Liberals' lack of attention to community and preventive programs. In the 1986-87 fiscal year, expenditures on community health services were 4.9 per cent of the some \$10.5-billion health budget. Despite the major move to deinstitutionalization, moneys spent on community mental health have not significantly increased and make up only 1.8 per cent of the total.

Spending on public health, which covers acquired immune deficiency syndrome awareness programs, immunization and health promotion, was a paltry 1.5 per cent of the total. Even a small shift in spending would mean a large increase in community and public health programs.

In travelling the great distances between communities like Kapuskasing and North Bay, it is obvious that community-based and preventive care are essential to the health of northerners. The task force also met many professionals—hospital staff, ambulance attendants, social service workers and volunteers—who do an incredible job on scant resources and who would be the backbone of a delivery system that could meet the needs of northerners.

With regard to attracting and retaining medical professionals, the government spends thousands of dollars in incentive grants to get medical professionals to practise in northern Ontario. Experience shows that few stay beyond their initial commitment. We are talking here in terms of a maximum of two, three or four years in most cases.

The task force heard opinions and received statistics from Minnesota, Sweden and Finland that the way to attract and keep medical professionals in the north is simply, logically, to train them there. Bob Rosehart, president of Lakehead University, and many others argued for a medical school in the north to train doctors and others like speech pathologists. The task force heard over and over that the Ministry of Health's underserviced area program is simply not getting the job done.

Anne Amundsen, a councillor from the township of Rainy River, walked us through the year-long struggle that her town has had in trying to get a doctor. The community of Manitouwadge, for instance, has been in existence for some 35 years and we have had more than 50 doctors. Our problem has been twofold: it has been to attract doctors; and once we have them to keep them there.

Small communities end up competing with each other, one offering a free car, another one offering a free house. Towns of between 2,400 and 10,000 people cannot afford to subsidize physicians, who in many cases become the best-paid residents while we send miners to the bank to negotiate a friendly loan for basic necessities.

Whether in the field of mental health, speech-language pathology, audiology, midwifery, treatment of the multidisabled, AIDS education or care for seniors, the task force was told that services had to be provided locally.

Many creative community-based groups appeared before the task force. New Democrats are convinced that they could provide more cost-efficient and appropriate service than delivery vehicles developed in the rarefied atmosphere of the downtown Toronto offices of Ministry of Health officials.

The system of grants for medically necessary travel has not resolved the problem of lack of services in small communities. For instance, most towns in the northwest are too close to Thunder Bay for residents to become eligible; they simply do not qualify. But more to the point, people do not want to be forced to travel when service could be provided in the community.

Community-based health care would significantly reduce costs. Doctors appearing before the task force estimated that it costs about \$400 a day to keep someone in a hospital in northern Ontario. Travel grants would also be reduced.

At every stop the task force was impressed with the dedication of health care givers. However, dedication does not put food on the

table or pay the rent. The Red Cross home care workers in Fort Frances, for instance, make \$12,000 a year. The workers for the association of the mentally retarded in the different towns make slightly more. We are talking about people who are providing the most essential of services and yet are not getting a living wage. They are asking that the ministry simply consider putting its flattering comments in the pay envelope. People should be entitled to work for a living wage, and \$12,000 for an essential service is not an adequate wage.

It is a sad day on a day like today when the Minister of Health (Mrs. Caplan) needs Ontario Provincial Police protection to come to do her job at Queen's Park because a professional body such as the nurses in Ontario, has had enough. I never thought that I could see the day where the Minister of Health needs police protection to come and do her job at Queen's Park simply because the nurses of Ontario are saying "Enough is enough."

**Mr. Black:** It is a reflection on the nursing profession in this province that this could be true. It is a terrible reflection on the nursing community.

**Mr. Pouliot:** Home care is needed throughout the province. It is essential in the north. The \$1.8 million that the government came up with to cover the deficits of Ontario's not-for-profit home care system on January 6, 1989, will save millions in institutional costs. One only hopes for the day that such largess does not have to be the result of intense lobbying by the official opposition and those affected, including the bringing of their case to the steps of the Ontario Legislature as I have described. There is something askew when society cannot afford to pay more for those who care.

Native organizations, including the Ontario Native Women's Association, Wequedong Lodge of Thunder Bay and the Ojibway Tribal Family Services from Kenora were united in their appeals.

### 1630

There is almost no health care provided for natives on their reserves. When natives travel to larger centres, there is rarely any culturally appropriate service. In most instances no one speaks Cree, no one speaks Ojibway. Even rarer is the instance of native care givers.

These points were brought home very poignantly in Timmins when chiefs from the native communities along James Bay described the Third World-like conditions on their reserves. You do not have to go to Somalia, the Sudan or



some parts of Africa or South America. The parallel, the analogy, is valid. To have such health care conditions in the northern reserves, in what is perhaps the richest jurisdiction on the face of the world and this planet—it baffles the imagination. I repeat, some people in the riding of Lake Nipigon have never seen a doctor. In 1989, fully 11 per cent of the people living in our riding do not have inside toilet facilities. The discrepancy between that and southern Ontario, where in a place like Markham more than 80 per cent of the people have more than one, speaks for itself. It is not a proud day, indeed, when we are talking about native health care.

Native people are tired of being bounced between federal and provincial jurisdiction and have a right to the same service as other Ontarians. This intolerable game of jurisdiction-hopping will not end until native people have control over their own destiny, including the administration of health services. The costs to the system would be much less if native people could provide their own care instead of having to travel long distances to hospitals and other institutions where diagnosis often misses the mark because of language barriers and cultural differences.

A particular project came to the attention of the task force, the native nurses entry program at Lakehead University. In the past two years, two dozen native nurses have been trained to practise in their reserves. The program, we are told, may lose its funding.

Cultural sensitivity: Not only native people appeared before the task force demanding culturally appropriate service. The call also came from the Thunder Bay Multicultural Association, the Association des francophones du Nord-Ouest de l'Ontario, and in a moving and firm manner, Father Paul Andre Durocher of Haileybury.

The New Democrats' northern task force on health issues has struck a chord of concern—more accurately, a deep-seated anger and frustration—about the lack of services and the great distances that northerners must travel to receive basic and essential care.

The over 100 presenters all had one message for the Liberal government: They need improvement and they need it now. New Democrats will continue to fight for the best possible health care system for northerners.

The final report of our task force will develop policy and recommendations. As you are well aware, our party is committed to spending the majority of its time finding workable and practical solutions, as opposed to identifying problems; because we are positive people.

With the majority that presently exists, the Liberal government does have the power to improve the health care system by providing the resources that northerners need. Whether they have the political will remains to be seen.

I would also like to say a few words in the context of a leadoff regarding the much-heralded northern heritage fund. I am talking about the paltry \$30 million that was allocated on a yearly basis for the next three years. You will recall that it was almost two years ago, minus a few months, that the Treasurer (Mr. R. F. Nixon) promised that a northern heritage fund would be established. There was nothing, no allocation made, not five cents. It was a promise and never saw the light of day. It was an announcement, but an announcement without funding.

In the last fiscal year, the Treasurer made available to the Ministry of Northern Development and Mines some \$30 million. We are about two or two and a half months short of the anniversary date of the last provincial budget. By way of question, I would like to ask the minister how much of the \$30 million has been allocated to date—because it has been almost two years since the announcement—and for what projects.

I would also like to remind the minister that it took very little time—and I know what I am talking about; I sit as a member and vice-chairman of the standing committee on public accounts—to allocate a similar amount for the playpen at Harbourfront, the SkyDome stadium, where \$30 million of provincial contribution was spent almost overnight. Yet we do not seem to have the willingness to spend the \$30 million for northern Ontario, which represents nine tenths of the geographic base of the province, 90 per cent. It is not put aside for a bank account. It is made to promote and enhance economic conditions in the north, to give people the tools to join the economic mainstream of Ontario.

The minister must have received literally dozens of proposals that have crossed his desk. If he means what he says, surely it is not very difficult to spend \$30 million up north. In fact, it will merely buy you 15 miles of new road. If the minister does not know how to spend the \$30 million, maybe he should ask the opposition or give the jurisdiction to the opposition and we can help him along. I can assure him it would not take too long.

We are not convinced, when we read the 26 pages of the minister's leadoff, that the government has a sense of vision regarding the north. We know only too well that economic planning has not been the forte when it comes to northern

Ontario. It was not the forte of the previous government.

The present administration seems to have followed in the same footsteps. We are a patchwork society. I look for innovations. I look to them to come up with planning, to make the north a little more eternal. I cannot help but to be, not in the least cynical but a bit sceptical.

I understood when I went to Manitouwadge some 25 years ago that since it was a mining community I would be there for a while. I would be there for a while because Manitouwadge is a community some 35 years old, built there on account of a mining discovery. Residents are cognizant of the obvious fact that the minute you take one shovelful out of the ground, you are that much closer to extinction.

I was also aware of the lack of commitment of the previous administration, and I knew that unless something was done I would export my sons and daughters—because they could not work in the mine—to post-secondary school; they had to get an education. They would end up someplace else, because you see there is no diversity. Then, as a grand finale, I was hoping that I would not export myself. Ironically, it was a condition that we accepted in advance, that some of us may last there for five, 10, 15 or even 20 years, for the duration of the mine, if you wish. If you were more than 35 you were not born there, but if you were more than 65 you sure as hell were not going to stay there.

You see, we were not eternal. We had mined our resources. Excuse the pun; in this case it is normal. You mine a mine, but we did the same thing with our forestry. As opposed to farming and its planning for the future, with forestry what we did was to mine our forests. Every time we turned around to the government of the day and suggested a blended economy, suggested that we need to look at the north in a different way than southern Ontario, then we were told that the entrepreneurial spirit was alive and well, that what we needed were more people, movers and shakers, to roll up their sleeves and make things happen. Those people were to be our role models, and the free enterprise system would take care of the rest.

**1640**

Well, it does not quite work. The element of competition which is the essence of the free enterprise system is not alive and well up north, but we went on and on thinking it was eternal, and we did not suffer that much. You see, we were the only kid on the block. We did not have to compete. Whatever we could produce was

automatically sold at a quota price and it was okay.

Did we see the government asking Ontario Hydro? These proposals from the minister, these 26 pages, lack imagination. They are an account of how the public money has been dispensed, in a patchwork approach again; more studies.

I have so many studies. I have one study that tells me that Rossport is located on water. You need not be a geographer extraordinaire. It does not tell me how to solve the problem, but it would be good if I did not find a problem. You know we had the Rosehart report before. It comes up with recommendations. Is it the Fahlgren report that gives us more recommendations? Some municipalities are saying that if they see one more study they are going to go up the proverbial wall. The consultants—former politicians—are doing very well.

Do we see encouragement such as asking Ontario Hydro to offer a component for economic development? Do I see this in the proposals, when we are paying the highest electricity rates? I came here today hoping to see that kind of partnership, a blend between the private sector and incentives from the governments, because we cannot do it alone. We cannot compete with the Barries of the world.

Do I see a reduction in the price of gas? With the price of gasoline, it costs us \$450 a year more to drive a car in northern Ontario. That is to the consumer, so if you are in business it costs you the same thing. You are not going to establish yourself there. You are looking to leave.

What can the government do? They can decrease the provincial tax on gasoline when it comes to the north. Take two cents a litre less. There is a volume, it is not going to hurt the public purse all that much, but it is going to show that you care and it is going to bring it two cents a litre closer. And we are going to say, "Well now, this is planning." You can do a lot of publicity.

A cheaper electricity rate is done elsewhere and it works.

**Mr. Black:** And you get upset when there is no revenue to spend.

**Mr. Pouliot:** No, it is very good.

Interjection.

**Mr. Pouliot:** I am sorry; I have never known the minister to leave because of embarrassment.

**Mr. Chairman:** He will be right back.

**Mr. Pouliot:** It is difficult. I am not known to be a master at synthetic indignation, but I am nothing short of appalled and shocked by the remarks of the member of the—



Interjection.

**Mr. Pouliot:** It is free.

We talked about economic incentives that would allow the north to join the economic mainstream of Ontario and sadly realized that the government lacks imagination and innovation. The people of the north want tomorrow to be brighter than today, but they want the government to come up with specifics.

It is very simple. If you have vision, if you have planning, the promotion will follow suit. It comes automatically. But people want to know what is going to happen regarding transportation costs five years down the line.

What about educational opportunity? What about reforestation? What about your road system? What about passing lanes? What about four-laning? Step by step in stages, these are logical, reasonable questions that need addressing. What about development and land buying in the small municipality? That is what you do when you mean what you say.

It is done elsewhere; it works elsewhere. I am not saying that you go to Finland, Denmark, Sweden or other northern countries and you come back with the same package. Of course not, that is simplistic. It is dreaming in colour. It does not quite apply. When you look at it, you have to commend them for what they have done.

We are not proud. We cannot be proud when we see the shortcomings, the differences in some sectors. I sense it is time to believe again, that morning brings new hope and that the awareness is there, more than ever before. Not all is good and not all is ever bad with government.

The Ministry of Northern Development is not an engine for economic development; I think people will do that with opportunity. Its mandate is to put forward a workable plan and to go to the marketplace, to go up to northern Ontario and say in simple terms, "This is what we're going to do with these components."

You can do it for electricity. You can do it for transportation systems. We are or are not going to touch the sales tax. This and this, come up with 10; you do it at school. I have done it in municipalities with others, the feasibility study. It works because you see the light at the end of the tunnel and you mean what you say. It is well founded and it is established.

You are spending a lot of money on studies. Whenever you are stuck, sometimes when you lack commitment, you say, "What we will do here is to commission a study." I have in my office, and we do not occupy the same—

**Mr. Harris:** Luxurious.

**Mr. Pouliot:**—luxurious office that you share. Ours is more frugal and spartan, resembling the representation.

**Mr. Dietsch:** Bigger than mine.

**Mr. Pouliot:** In conclusion—I do not wish to prolong this—I have been very sympathetic. The people whom I represent have been very patient. They have filled all criteria to respond to suggestions. They have done so positively. They believe that things are beginning to happen. Those are positive signs, a good thing. Their patience is not really running out, but I want to remind you that in 1989 communications are a lot quicker than ever before. People want those needs met. They are no longer willing to wait and to say, "It's a condition because we are up north." They want many of the facilities that southerners take for granted.

That is your job. You can provide those facilities. Most of us who live in the north choose to be there. That is a choice that we made. When we see the growing difference between northern and southern Ontario, we are really asking, because we are making a significant contribution here and we are providing more than \$12 billion of wealth on an annual basis, that some of that come back; that it be well planned and well spent.

We sincerely believe that the economic future of Ontario in large part lies with the north. We have the land mass; we have the resources; we certainly have the people. What we need is help in having the direction to do what we do best.

**Mr. Chairman:** I suggest that we move to Mr. Harris as critic for the Progressive Conservative Party and then have response from the minister to the two leadoffs.

1650

**Mr. Harris:** That is fine. Thank you very much. I would like to take some time to go through a few things. In the beginning, just so that I do not go from congratulations to criticism and you misunderstand where I am coming from, there are three areas on which I would like to congratulate the minister and his party.

The first is in carrying on the separate Ministry of Northern Development after condemning the former government for setting it up and bringing it in, after saying it would never work, after saying it was a silly idea. I think that takes courage. They do not admit it quite that way, but it sometimes takes courage to criticize something and condemn it year after year and then, when you have the opportunity to do something about it, to say: "No, we were wrong. It was a good



idea after all." I offer my congratulations to the government, and to you Minister, for I am sure speaking up on behalf of maintaining what truly was a courageous decision the former government made, for the very first time in the history of this province, to set up a regional ministry for the north.

Second, much more briefly, I congratulate the Premier (Mr. Peterson), the minister or whoever was involved in arranging for the appointment of Brock Smith as deputy minister. I think he is very capable and I have the highest regard for him.

Third, I congratulate the minister himself because I believe, on the initiative I am about to mention, he stands alone from what I have seen in the Liberal administration, certainly in the Premier's office, on the creation and the appointments to the board of the northern heritage fund.

In spite of statements for 42 years, and again in 1985, 1986, 1987 and 1988, pronouncements of the new way in which appointments would be made in this new and open nonpatronage party, literally every appointment that has been made in my riding—whether it is the police commission, whether it is the housing authority, whether it is the Ontario Northland Transportation Commission, which is a major appointment that the minister would have been overruled on by the Premier's office, and some of the others—has been of very high-profile, identifiable Liberals.

I want to congratulate you on the consultation that you undertook with the community and with me in the appointment of Lucie Seguin and Phil Goulais on the Northern Ontario Heritage Fund Board. I thought it was a refreshing change.

**Mr. Pouliot:** Are those people Tories?

**Mr. Harris:** No, neither one of them, I would suggest, is a Tory or a Liberal. They are both very capable people. I am sure when they vote they will assess very capably whom they ought to vote for. Given that, I have no doubt whom they would vote for. I say it in a very complimentary way. I think you should accept it in a complimentary way, at least the minister should, as an example to the rest of the government. You have two excellent, fine people on that board who have the support of the whole community I represent.

So those are the three areas. I would like, in the course of taking a look at these estimates, to touch on a number of issues and a number of concerns that I have identified or that have been brought to my attention by people who live and work in northern Ontario. I believe there is a disturbing trend, from a sense that I have, that under this current administration the ministry has

lost sight of one of its mandates. That is of speaking for and of acting on behalf of the people of the north with respect to other ministries, with respect to the cabinet table and with respect to what other ministries are doing and how they impact on northern Ontario. Nothing was really mentioned of that in the minister's statement.

There were a number of positive things in the statement. I acknowledge that. This is one area where I believed that the Ministry of Northern Affairs or now the Ministry of Northern Development had a strong role to play: when a policy is brought in by a Premier or by a Minister of Health or by another minister, what impact does that have on northern Ontario? Who is speaking up for that?

Many of the politicians and civil servants and residents of southern Ontario have no idea what northern Ontario is like and what impacts might be there. If you want a recent example, the Minister of Municipal Affairs (Mr. Eakins) froze the unconditional grants to municipalities in this past year; or the Treasurer did, one of those two. The impact analysis that the Association of Municipalities of Ontario came out with I think was in the area of \$8 for a typical taxpayer resident in southern Ontario and some \$80 for one in northern Ontario.

There was an occasion when the Minister of Northern Development (Mr. Fontaine) and the ministry ought to have been examining the impact of that and saying: "Hey, this is not fair. This policy that the Treasurer or the Minister of Municipal Affairs is bringing out impacts eight, nine or 10 to one more against home owners, residents and taxpayers in northern Ontario than it does in southern Ontario."

I would offer a positive suggestion to you, if it has not already been done. On the cabinet forms when programs come in, and on any of the initiatives there ought to be a little slot on every one of those forms that every minister is required to fill out. In fact there used to be when I was around the table: When you brought in a new policy you had to explain what impact that would have on other groups that you might not have thought of, for example women, the handicapped, those in rural settings versus urban.

I would ask you to insist that with every proposal the Treasury or other ministries bring out, on part of that form there must be an impact statement for northern Ontario. That indeed is your job. That will help you speak up for the people of the north when new policies are coming in.

I will take a look at what has been done or not done for the people of the north. I would like to get answers about ministry administration costs this year. It appears as if we have about a 100 per cent increase in the cost of administration. Staffing levels have increased from 73 to 123 person-years since 1987. It looks like your civil service is going up 50 per cent. These two things, of course, account for a large part of the budget increase; that and the \$30 million that I also would like an answer to, whether any is being spent on the heritage fund.

To be more specific and just to run through quickly: In your estimates book, on page 12, the main office goes from \$1 million to \$2 million, a 100 per cent increase in the main office, but it will not benefit the people of northern Ontario one cent.

The total of the ministry administration program goes from some \$7 million to \$14 million, a 100 per cent increase in administration costs. That will not provide one new job in northern Ontario other than the civil service one that you are increasing.

Information services go from \$1.2 million to \$1.5 million, or 20 per cent. Information services, for those of you who are new around here, is the ministry advertising that tells the public how good we are. There is 20 per cent more on that.

Legal services—you must be expecting to make a lot more mistakes—go from \$254,000 to \$352,000. That is a 33 1/3 per cent increase budgeted for legal services.

Personnel services—these are the programs that help all the extra civil servants feel good about themselves—go from \$657,000 to \$806,000. They tell everybody, "What good people are we." That is 20 to 25 per cent.

**700**  
Supply and services—that is all the paper you huffe around—go from \$2.6 million to \$5.2 million, a 100 per cent increase.

Systems development services—direction, support and control for all the extra civil servants you have—go from \$1.3 million to \$1.9 million, a 50 to 50 per cent increase.

As you go through the other votes, when you look at the administration portion of the various programs—I do not want to detail them all—you will find most of the increases in the costs are in program administration. They are not in the delivery of services to people in northern Ontario.

I would appreciate it, Minister, if in your remarks you can explain why it costs you double

to provide the administration for your ministry, in spite of the great deputy I said you had.

I would be interested in a status report on the relocation program, if you could perhaps separate the costs of that project from the general ministry administrative costs.

I would also be very interested in knowing what the current projection is of the cost per square foot of the buildings you are building in northern Ontario. I ask that in a very sincere way. These are buildings that do not appear to be tendered. They are contract management. That is where you invite proposals or pick contractors on a cost-plus basis.

There is one coming up in Sault Ste. Marie which everybody is taking a look at right now. It is not your ministry, but you have mentioned it in your remarks. I think you estimated \$200 million for total capital costs. If the cost per square foot of providing that office space comes in at double what first-class office space is currently being built for in Sudbury and Sault Ste. Marie and North Bay, I would argue that there is another \$100 million that could have been put into northern Ontario in more productive ways. I am just interested in what the current estimate is of the square footage cost of the projects in Sault Ste. Marie, Sudbury, North Bay and Thunder Bay.

On the northern heritage fund, I do not have difficulty associating myself with the remarks of my colleague from the New Democratic Party; except for some of the 42 year ones and a few others; I think somebody wrote those for him, I do not think he would have said those on his own, the ones about the Conservative Party.

Again, we would be interested in whether anything has been spent on the heritage fund. When it was first announced, the then critic, the member for Cochrane South (Mr. Pope), pointed out right away in the announcement that the money was announced by the Treasurer but that there was no provision to spend the money. Of course, we found out it was never spent, but it got through an election. I am interested in how we are doing there as well.

I am not sure what economic development activity is, but it is slated for a \$4-million increase. I would be interested in knowing the explanation for that. What are those funds going to be used for?

I guess I should spend a few moments talking about resource planning, not the specific programs that you, Minister, have responsibility for, but the other role I really fear either you are not discharging in a forceful enough way or the

Premier and other ministers are totally ignoring. This is a role northerners expect you to play.

Resource use and planning in northern Ontario, I think it is safe to say, is in a fair state of chaos. I would be interested in the minister's participation in these matters, particularly with respect to his role in the Temagami area land use controversy. What does the minister think of what the Premier and the Minister of the Environment (Mr. Bradley) are doing to the Ministry of Natural Resources? What is the minister's position on these issues of conflicting uses?

What role did the minister play in the development of the new provincial parks policy that bans several traditional outdoor recreation-resource activities in northern Ontario, be they tourism-related, hunting or trapping? Hunting and trapping were the two main tools the Ministry of Natural Resources had to effectively manage wildlife in all areas of the province, particularly in the many remote areas of northern Ontario. I would be interested in what the minister has to say. Is the minister responsible for northern Ontario in relation to those things?

I was disappointed yesterday when I asked the question about the great garbage controversy, and again today when the question was asked that the minister did not want to answer. We understand the Premier wants to get garbage out of southern Ontario: out of sight, out of mind; we understand that. It will help solve a political problem caused by inaction and lack of planning here in southern Ontario. What we are interested in—

**Mr. Black:** On a point of order, Mr. Chairman: I am familiar with the document Mr. Harris refers to about the waste management proposal for the greater Metropolitan Toronto area. I think it is important to identify very clearly that there is nothing in that proposal that talks to northern Ontario; nothing at all.

**Mr. Chairman:** Of course, that is something you should raise when it is time for you to make your comments, Mr. Black.

**Mr. Black:** I thought it would be of interest to the people of northern Ontario to recognize that this is not a fact that is being discussed.

**Mr. Chairman:** We will deal with that at the appropriate time.

**Mr. Pouliot:** On a point of order, Mr. Chairman: I realize the kind of frustration that certain members of the government have. They never get up in the House, or very seldom, so their role seems to be to interject. There are some

profound, important matters being raised here, words of wisdom. I for one wish to have the opportunity to concentrate on the remarks.

**Mr. Chairman:** That is an interesting point of view, but a long way from a point of order.

**Mr. Harris:** Because we have not seen the minister speak up on resource issues, on municipal affairs issues, on a number of issues brought in by other ministries, we are very concerned that this minister indeed speak up on behalf of northern Ontario.

Yesterday, he refused to answer a question and referred it to the Minister of the Environment. I know the Minister of the Environment wants to solve this problem down here. I understand that. What I was interested in with my question yesterday, what the NDP was interested in with its question today, and what I am interested in now, is what is our voice in northern Ontario. What do the ministry and the Minister of Northern Development have to say about it? Am I in favour?

You were asked today if you would at least guarantee that it would not be forced on any municipality or area of northern Ontario without its consent. That guarantee was refused. I think it would be a very simple matter. I think you could clear up a lot of things right now by standing up for the north and saying here in these estimates that no southern Ontario garbage will be shipped to northern Ontario.

1710

**Mr. Black:** That was a nonexistent proposal.

**Mr. Harris:** If it is nonexistent, it is an easy commitment to give. If the commitment is not given, then obviously we very much suspect there is truth to many of the rumours we hear when proposals are knocked about.

You obviously ought to understand our frustration when consideration appears to be given by somebody to the Sherman Mine in the wilderness area of Lake Temagami which has a life span of another two, three, four or five years. Why would the Minister of Northern Development not stand up and unequivocally denounce that when his government has denounced motorized traffic there, float planes landing there, trapping going on there, hunting going on there, cutting down trees there and mining exploration there?

Do you think it is a difficult matter for the minister to stand up and say, "I hereby rule out southern Ontario garbage going there"? That is all I ask.

**Mr. McGuigan:** You know it is not going there, but you are going to stand up later when it does not go there and say, "I saved it."



**Mr. Harris:** No. I have given you an opportunity to dismiss it right now. Your premier, your Minister of the Environment and your Minister of Northern Development will not say it, and I do not understand why not.

**Mr. Chairman:** Can we have Mr. Harris finish his remarks? It is a long tradition in this place for the opposition critics to make their remarks without being interrupted by government members. Go ahead, Mr. Harris.

**Mr. Harris:** Thank you very much. If indeed there is no proposal, what an easy thing to say. The northern Ontario boundaries—

**Mr. Black:** Mr. Harris, will you identify the proposal for us to clear up the mystery.

**Mr. Harris:** Let me then go back to the garbage and indicate I have it on fairly good authority that a civil servant appointed by the premier has asked for rates from CN and CP to ship garbage to northern Ontario.

**Mr. Black:** Mr. Harris, are you sure that is the source of your information. Put it on the record.

**Mr. Harris:** I put it on the record here and I put it on the record outside with the media today when I talked to them.

I would like to talk about northern Ontario boundaries. Despite the minister's commitment to include all ministries within the defined northern Ontario boundaries for grant policy and program administrative purposes—here I am speaking particularly on behalf of my colleague the member for Parry Sound (Mr. Eves)—not all ministries have agreed to comply. I would like to know what the minister is doing, because he has made the statement and he has said all ministries must respect that. I would like to know what the minister is doing to ensure the rights of Parry Sound residents are being respected.

I received the Ontario Northland Transportation Commission's 1987 annual report just a week ago. I thought it was a good report, by the way, and I have no criticism of it. I am just wondering why it takes so long for us to get these reports. This is the 1987 annual report. We are expected to analyse the budgets of the various agencies you are responsible for. It might have been helpful had we had the 1987 report a year ago and the 1988 report now.

I am interested in the involvement of the minister and the ministry in the port of Thunder Bay. There have been a number of concerns expressed about the status of the port. Some concerns relate to the federal legislation, which many feel has put the court at a disadvantage

vis-à-vis the Crow rate and vis-à-vis its being cheaper because of those policies brought in by the federal government that make it cheaper, if you like, to ship the grain west as opposed to east.

Anybody who spent time in Thunder Bay this summer and saw what is happening with the grain elevators will appreciate that the problem is indeed serious, will appreciate that when you see these tankers, these grain ships, sitting in the harbour for weeks and weeks on end waiting for grain to be loaded; they will no longer do that if they are caught very often.

We will have lost the infrastructure for the port of Thunder Bay. There will be fewer and fewer of those ships. They will be converted to other uses, put out of service or used down south for other purposes. Then, even if the grain drought is over, the crops return and the sales that should be going through the seaway pick up, there will not be the ships any longer. That infrastructure will be lost. I think that is a serious problem the Minister of Northern Development ought to be taking the lead on looking at.

My colleague mentioned north-south gas price differentials. I would like to mention that briefly. Despite Liberal promises in 1985 to look at equalizing gas prices or doing something about the difference in gas prices, the only action we saw was that the Minister of Northern Development and the Minister of Energy (Mr. Wong) collaborated on an inquiry and had a study to see what should be done. Those findings showed at that time an average of four-cents-a-litre difference between northern and southern Ontario.

It undoubtedly is made up of less than four cents a litre in some of the larger centres; we acknowledge that. Of course, it may be up to 10 cents, 12 cents, 15 cents or 20 cents a litre in the smaller parts of northern Ontario. They got the report and they did nothing about it. My party advocated doing something through the tax system.

**Mr. Pouliot:** I have to agree.

**Mr. Harris:** I am delighted to hear the critic for the New Democratic Party indicate support for a move to equalize gas prices through the taxation system. Mr. Chairman, you will recall that in your capacity as finance critic you did not find that proposal as desirable as the critic of the Ministry of Northern Development and Mines finds it today. None the less, I know you shared my concern on the difference in gasoline prices. I ask the minister if he does not agree there is a problem. If there is, why are you so silent on that

problem? I ask you what you are going to do about the problem.

**Hon. Mr. Fontaine:** The north-south gasoline pricing study you had did nothing.

**Mr. Harris:** I would like to talk about the access points to northern Ontario from east and west and of course north-south and the northeastern part. I am most concerned about Highway 11 north from Huntsville to North Bay and Highway 17 east-west throughout the north. I guess on behalf of my colleague the member for Parry Sound I ought to mention Highway 69, an access point north as well.

While I mention things like gasoline price differentials and the four-laning of highways to bring the north closer to southern Ontario and to the main markets, let me tell you why I believe these are very important initiatives, both of them. Toronto and this area are booming. It is more difficult to encourage industry to locate in northern Ontario for two reasons: the distance and the costs associated with that distance, and the perception you are a little bit out of the mainstream if you locate an industry there.

1720

There are two things the government can do to bring us closer to the markets and to the mainstream. One is to lower the cost of transportation, equalizing gas prices. Even putting us on an equal footing with the south will do. The second is to improve the transportation links.

I am one of those who says yes, it is going to cost more money; yes, dollars have to be put in for it. I am one of those who believes that rather than some of the grants we provide for some of our industries, rather than providing capital dollars for motels, I would like to see the dollars put into making our region more accessible to tourists. I believe the motel owners will put up their own money.

I would like to see you take moves that benefit us all. If you lower gasoline prices, you lower the cost of doing business, you lower the cost of living in the north, you lower the cost of transportation and you bring us closer to the main market. Everybody benefits from that.

**Mr. Dietsch:** Where do you get the revenue to deal with this?

**Mr. Harris:** You do not listen. I said: "Quit giving money away to companies. Quit giving it to motels in my riding." Quit giving the money away. Stop the grants. Take that money and put it into the things that will make us competitive so you no longer have to subsidize everything that goes on in northern Ontario. I believe that. I said

that to my colleagues when I was a backbench member in government. I have said it publicly, my riding and got re-elected time and time again. I said it to the minister when we first met, when he was first elected. I repeat it today: You are wasting a lot of money.

Another way you waste money in grants is this: Government, the infrastructure, the bureaucracy, ministers, everybody, wants to announce job creation. If you have an industry that is going to apply for government assistance that will create 100 jobs and produce 300 units of something, but is very inefficient, and another industry that will create 20 jobs, cost a little more and be very efficient, which one do you think the bureaucracy likes? The one that is going to last, be efficient, only create 20 jobs and cost a little more to start, or the one that lets the minister stand up and say, "By gosh, we created 100 jobs"?

That industry goes down the tubes two or three years later. That industry competes in North Bay against an industry already existing in Sudbury.

Those are the kinds of things that have not been sorted out by any government to a large extent and have been made worse by this government saying: "We have increased the grants. We are giving away more money. What good people are we;" and by saying, "We increased welfare by 20 per cent." You think that is good?

If you were able to do away with the ministry responsible for welfare, would that not be good? That is the measure I see. If you can do away with grants to industries, then you can come and tell me: "We are doing a good job. We have provided an environment. We brought northern Ontario closer to southern Ontario. We have provided the four-lane highways to bring them closer. We have reduced the costs of doing business so that all can compete fairly."

I realize I have taken a little time on it. I had a couple of provocations that got me to repeat a little bit of it, but I tell you that those are some of the directions I would like to see the government and the Minister of Northern Development go in.

Minister, I am concerned that you have been caught up and perhaps shut out of some of the decision-making at the cabinet table. I will continue to speak up because I think that by doing so, I will help you and help the ministry. I will help whoever the minister is regain some clout at the table.

I am concerned about the bureaucratization of the ministry. Some of my questions refer to that. I am concerned about the apparent refusal to take



a stand on behalf on northern people and northern concerns with regard to other ministers and ministries, particularly the Premier, who very often sticks his nose and policies into things of which he knows nothing.

Things are not fine in northern Ontario. There are still many problems and many concerns. I suggest this minister must satisfy the committee that he is prepared to deal with them. I am convinced the answer lies not so much with how much money you spend but with the commitment, the leadership and the action that you, minister, are willing or able to provide. I believe it is not good enough to be a salesman for what I consider to be a very southern-oriented Liberal administration. I believe you must be an advocate for northern concerns. My colleagues in the north, of all parties, are here to help you with that part of your role.

I want to conclude by referring to a few little specific items, on the off chance the House gets so busy that when you next convene I may not be able to be here. I may not be able to be here the week after next when you come back.

One of them is a small point. The chairman will appreciate this. It says on page 15 of your statement, "For example, we contributed nearly \$356,000 to the O'Brien Bridge replacement project in Caldwell township east of Sudbury." When the guy wrote that for you—he lives in Sudbury. It is 50 miles from Sudbury. Caldwell township is in Nipissing riding, 30 miles west of North Bay. You must be very sensitive as you and some of your civil servants travel in the north. I would like you to talk to the guy who wrote this in Sudbury. We are asking southern ministers to be sensitive to the north. Indeed, we must be sensitive within the north to the various regions that are there.

I would like to specifically ask you—you will have some time to do this—about Ontario Northland Telecommunications telephone service on Lake Temagami. I have sent you a letter you cannot be expected to know anything about today, because I just sent it to you today, from a Donald H. Crawford, who has been waiting for 20 years to get a telephone on his island in Lake Temagami. All around him, similar islands right near him have been getting new phone service. He has been shut out of this process. Perhaps you can have an answer for me on that one when we convene in a week or so.

I have had many inquiries about the cancellation of the Chief Commanda service on Sunday to the French River this summer. I would be interested in knowing if the Ontario Northland

Transportation Commission has any results of how much money it saved with the Sunday cancellation by not running out to a remote area of Lake Nipissing accessible only by water or air.

I do want the Chief Commanda to be run efficiently, but I would also be interested in the government's role in providing a service to these tourist camps and homes around the French River where there are no roads. Perhaps it makes sense for the government to subsidize a few dollars of boat transportation service rather than provide roads, which would be quite a bit more expensive.

I cannot resist asking one more time about the throne speech commitment of April 22, 1986, before the last election. You see, you bring in throne speeches thinking there is an election coming and everybody will think, "How great are we," if they believe you are going to do it.

### 1730

"A high school of science and technology, located in northern Ontario and accessible to students from the region, will be established."

It does not say we are going to study it. It does not say we are going to take a look at whether it makes sense or not. It does not say we will consult in the area, consult educational people and see if they think it makes or sense or that it is stupid. When you announced it, you said it "will be established." Then you did the research, then you did the study and they all told you it was a stupid idea and you did not do it.

Maybe my assessment is wrong and maybe there were other reasons, but I point it out to suggest to you that you want to be careful when you submit your stuff for the next throne speech coming up in a couple of months. Do not say "will" if you really do not know whether you are going to do it or not; say "study."

I want to provide the minister with a little bit of time today, if it is possible, and I am sure there are many members of the Liberal Party who are distressed, as we are, and will have concerns they will want to bring before you; let me provide some time for that as well.

Oh, wait a second. I have one other thing here. The throne speech of November 3, 1987, says, "We will strengthen our transportation infrastructure, particularly in northern and eastern Ontario." It is pretty vague but I think there was an expectation in northern Ontario, when they heard that in the throne speech, that strengthen did not mean resurface and did not mean a passing lane here and there.

There was an expectation because in and around this time you had members of your



cabinet and caucus running around saying, "Highway 11 four-laning is going ahead." The member for Timiskaming (Mr. Ramsay) said: "Highway 69 four-laning is going ahead. I am announcing it. Here we go." The next day, before he came back, we asked the Minister of Transportation (Mr. Fulton) what was happening and he said: "I don't know. I never heard anything about it."

There was an expectation that on Highway 11, Highway 69 and Highway 17 four-laning, something was going to happen. You might let us know what is going to happen.

With those few brief remarks, I will conclude and await the minister's response.

**Mr. Chairman:** I think we should now ask the minister if he wishes to respond to the two critics. There was at least one member of the government party who wanted to put a question on the record before we adjourned, so you might leave time for that to happen, say at five to six or so. Mr. Pouliot, do you have a point of something?

**Mr. Pouliot:** I have some suggestions where I too was surprised at the cost, as I see what is proposed in the 1988-89 estimates, and I would like to make a very—it is going to save me a lot of questions. It could perhaps save these estimates hours; nothing short of that.

Any place where you have changes exceeding or surpassing 15 per cent, for good accounting and for the sake of clarity and information, it should automatically be itemized. We did it at the municipal level in small municipalities. If you have a substantial change from one year to the next, you memo things. That is good accounting. That is the way you do business, because it stops you from asking.

**Mr. Chairman:** Okay. Perhaps when we get into the individual votes in the estimates, you could deal with that under the main office vote, Mr. Pouliot.

**Hon. Mr. Fontaine:** First of all, on the health issue, I would like to remind my honourable friend of at least a few things we have done. As you know, for the bilingual side, to get some bilingual doctors, or nursing, pharmacy or social service people, we signed an agreement in 1988 with some Quebec universities. This bursary program will give top priority to the northern francophone students, those who are bilingual and have other languages required in the north too.

This is a program that was announced in the House and it is for the disciplines of audiology, speech pathology and dentistry, for undergraduates in medicine, nursing, pharmacy and social

services with some universities in Quebec and Ottawa. As you know, there is one in Ottawa, the University of Ottawa, and we are working with it too. That is on the bilingual side.

**Mr. Pouliot:** I want to ask a question. How many child psychiatrists and psychologists are bilingual? I want to go detail by detail. I want to know how many graduate speech pathologists and audiologists are bilingual and how many of them speak Ojibway or Cree.

**L'hon. M. Fontaine:** Je répète encore qu'on a des problèmes, en Ontario, dans ces disciplines-là. On a conclu des ententes avec certaines universités du Québec, pour que nos étudiants — les francophones et plus spécialement ceux du Nord de l'Ontario — puissent aller y étudier.

Alors, vous dire, ce soir, combien il y en a qu'y sont... combien il peut y en avoir demain... Je ne le sais pas. Je ne suis pas le bon Dieu. Je peux vous dire que je crois qu'on a fait un pas en avant.

Le ministre des Collèges et Universités (L'hon. L. McLeod) exerce une pression sur nos universités bilingues en Ontario — ici, c'est l'université d'Ottawa — pour qu'au lieu d'envoyer nos élèves au Québec, le plus de spécialistes en sortent en Ontario dans ces disciplines-là.

**Mr. Pouliot:** Rather than sending those young people to Quebec, would you not give consideration to establishing facilities with the proper curriculum, for instance, at Lakehead University in northern Ontario?

**Mr. Chairman:** Perhaps we should let Mr. Fontaine complete his responses to the critics. Otherwise, he will not get through them. Then we can have a question and answer session rotating among all members.

**Mr. Pouliot:** Exactly; you are right, except we are just not getting the responses.

**Mr. Chairman:** Be that as it may, Mr. Fontaine.

**Hon. Mr. Fontaine:** As you know, there was an announcement not too long ago about the establishment of a northern health manpower committee, and on top of that, an appointment of a bilingual northern co-ordinator to co-ordinate any approaches on northern health care planning. This is a new initiative and I think it will help northern Ontario co-ordinate all those services.

I think it is okay when I look at the report you made on Highway 11 and all this, but I want to remind you that the past government and my government spent quite a bit of money on services on Highway 11. As you know, there was a new hospital opened in Kapuskasing, Smooth Rock Falls and Matheson. Then we go on; the

Hearst one is only 10 years old and Cochrane is five years old.

Then we have some services too on the native reserves. We have two small hospitals and an EldCap program, a northern Ontario extended care capital assistance program, at Attawapiskat and Fort Albany, which was a new initiative. One was started by the former provincial government and we built another one to try to give those native people some comfort. Then, as you know, there is a hospital run by the federal government in Moose Factory. We are working in Moosonee to give better health service to those people there too.

The Ministry of Health was trying to work out some linkage too. We know the problem. We know we need some doctors. I am from the north. I was not born in Etobicoke or in Montreal. I think I was born in the Harty pit. If you look on a map at the Harty pit, you are going to see where it is. It is a gravel pit, and I was born near the gravel pit in northern Ontario.

The problems with doctors are not all—there are some areas where we have problems, but there are other areas where there are no problems, we know that. We are going to try now to get linkages with other universities eventually; there will be a new program pretty soon, probably. We are going to try to get those doctors to come to northern Ontario to do part of their studies, as we are doing with the forestry people. They go to Lakehead University; they have to go here for part of their course.

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I am not saying today there will be a medical school in northern Ontario, but we are going to try other models to try to cope with the problem in northern Ontario. It is too bad that a few years ago, when the previous government decided to have another medical school, it did not put it in the north. I cannot take that responsibility.

Today we are graduating too many doctors, and that is a fact, but not enough are coming north. Now we have to find some ways and means to bring a percentage of these doctors to the north. We are working at it. The Ministry of Health, the Ministry of Colleges and Universities and my ministry are working on that.

On top of that, we are allowing Ontario students attending American universities in rehabilitation sciences to be eligible for incentive grants to practise in northern Ontario. We are opening the grant structure to have some students, especially in the northwest, studying at American universities in some disciplines to be eligible for some grants.

The Ministry of Health in co-operation with the extended campus program at the University of Western Ontario is presently attempting to recruit psychiatrists for us in northern Ontario.

The Ministry of Health, I want to remind you, has proposed a change in regulations to allow Ontario students to study speech pathology at the master's level in the United States and be eligible for bursaries. That is a discipline we are working on.

On top of that, I want to repeat to you that we are trying our best to get the recruitment tour, I think with some success. I know the problem you are talking about. I discussed that with the Minister of Health, about some little municipality. I told that to the municipal league from the northwest when they met here, that they are competing against each other by offering a house or a car. We know that. I do not think it is okay and I told them that to their faces. It is not my fault if they are doing that. I do not think they should do it. The municipal people, when they meet, should at least have some term of reference that they will not do it.

**Mr. Pouliot:** That reference is to one ad in a British paper. I will not let myself be taken over by the cartel, the College of Physicians and Surgeons of Ontario. You are lacking sadly. You have no right to tell the small municipalities what they are supposed to do. Your job is to make it possible—

**Mr. Chairman:** Mr. Pouliot, we have an agreement that the minister will be allowed to complete his remarks. Please respect that.

**Hon. Mr. Fontaine:** First, to the member for Lake Nipigon, I probably work more for doctors and dentists than you ever did yourself. At one time, we had a lack of dentists and I fought in the newspaper. When the Czechoslovakians arrived over here after the revolution, I convinced the government at that time to give them a chance, but only two stayed in the north. They all came back to Toronto after.

I think we have to produce our own doctors. When I was mayor of Hearst, we gave bursaries, which was illegal and is still illegal. The municipality gave some bursaries to young doctors. It is my feeling, as a northerner, that you have to produce your own and give a chance to your own people to go and study and come back. We tried with the dentists and it did not work. There were only two Czech dentists who stayed in northern Ontario. One is in Sudbury; I think the other one has left now.

The best thing is to try to get the doctors who are graduating in our own universities to come



north for a year or two before to get the northern life; for part of their studies, they have to go to the north. I am pushing it. That is my way of thinking. You have your own way and I accept your own way. If you think you are right, you are right. That is the way I am pursuing it, not only with the northern caucus, trying to get some doctors to come north for a few years before they get their degrees. If it works, then we will see.

I remind you that my ministry is involved in capital grants. Sometimes when you are talking you forget about that. We know there is the EldCap. I think we are doing our share there, but I know we sometimes run into problems of cost. The people want too much. I think we should try to keep the cost down on EldCap. We are not asking the same quality as a hospital—the people of Nipigon or the people of Geraldton did not ask that—but I think it should be a good quality. We should try to have an EldCap that can meet the needs at a price we can afford.

Going back to the native issue about health, the member for Lake Nipigon should know because he has some reserves in his area that it is not only a provincial matter, it is a federal matter. Look at the case in Sioux Lookout where we were prepared to build a new hospital under EldCap and they said, "Why don't you have one hospital only?" The fight started and now we have a committee. I think they are going to come to an agreement now. There should be probably only one for the federal and the province and the EldCap.

As you know, sometimes the natives react differently. I have the same problem in Moosonee. We said maybe we should co-operate with the hospital in Timmins. At first they said no, but now they say probably instead of sending their patients to Kingston, they will try to make an agreement with the hospital in Timmins.

On the other side, we discussed drugs and alcohol. In my speech I said that we already have a big centre which will cover a family; it will cover the alcoholism 28-day program in the Fort William reserve. Those people used to go to St. Joseph's Treatment Centre in Thunder Bay. Now they are going to have their own in their own language. There is another group studying in the Sioux Lookout area what we should do about treatment for alcohol. To say that we did nothing is not right.

Since this government took over, we got a 28-day program based on the Alcoholics Anonymous philosophy at 100 per cent funding, which was not there before, except at St. Joseph's in North Bay or St. Joseph's in Thunder Bay,

because these centres were a part of the hospital and they put it on the Ontario health insurance plan. But if you were starting a centre outside the hospital you were not covered.

I came over here when Mr. Grossman was minister. He went to 50 per cent for those centres that gave a treatment program for alcoholism outside a hospital. Now my government is doing the north, or any place in this province, funding over 20 new centres at 100 per cent. There are some in Thunder Bay where we are doing this and there are some in Timmins and Kirkland Lake, and I am the one that first started it in the area—I do not want to brag about it—for the francophones. We call it Maison Renaissance and we started in 1977. Finally, we got funding in 1985-86.

We just opened a new place for the youth, for the ones with a real problem with drugs and rehabilitation, on a farm. It existed before but was owned by the diocese of Hearst, and then they ran out of money. Now the province took over.

I want to tell you, Mr. Pouliot, that we are working with the natives to try to cope with their problem with alcoholism. Again, the federal government is there too. In health the natives are very sensitive when we try to go in without them when we said we would build a new hospital, want to tell you, Gilles, there was a big fight because they say that health is federal and that is it. The province is ready to co-operate and that can say with sincerity.

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On the heritage fund, I know that you were very enthusiastic when I announced this fund but you keep repeating, "Minister, you should do that." I want to tell you that there is a board with 17 members. I am the chairman, but the board decides where we are going to go and what they are going to do. We have met six times. They decided on Norfund. They are going to get new pamphlets. Pretty soon, you will see there is a difference between Nordev and Norfund.

I want to repeat that Nordev was a program that was finished. When I came there as minister, the program was finished. We had run out of money. We took some money from the Nordev fund and the money in the Nordev fund was over. Then I asked the committee on the heritage fund to look at it. They are looking at it. They are going to continue the criteria that we had because there were some applications that were coming in. They are coming out with new material and new terms of reference on their own.



You ask whether they are looking at other programs. It is divided this way. There will be a portion of the heritage fund that is for small business assistance. Another portion is for single-industry community assistance. A third is new technology and special projects assistance. We are looking at applications. There are 24 for new technology and projects. I am sure that at the next meeting two weeks from now they will be looking into that.

As I said a few minutes ago, they are looking at alternative automotive fuel, forest fire computer modelling—that is in high technology—school bus manufacturing, automated mining equipment and manufacturing and grain handling facilities. I do not want to repeat to you what they are doing in the Norfund, but that is the other thing.

On single industry, I said in public that some money will be flowing to Temagami, but really in the single-industry committee there are no applications yet.

**Mr. Harris:** Is there a brochure?

**Hon. Mr. Fontaine:** Is the brochure done?

**Miss Willis:** Not yet.

**Hon. Mr. Fontaine:** Let's face it, the municipal people know that at this point the brochure is going to be out. The single-industry ones I am talking about, the ones where there is the problem, have not come out yet with programs for application. We are working with them. Other ministries are working with Ignace. We are working with Temagami, but the applications are not in front of the board yet.

As you know, the fund was deposited in a savings account. It is now, with the interest, up to \$31,557,000. Going back to the question of too many studies. It is funny when I receive letters from MPPs saying: "My municipality is asking me where your money is for that study. Are you going to approve that study? Are you going to do that?" I am not pointing any fingers, but it is part of the game.

Before the municipalities go into any big projects on water and sewers or on the waterfront, they ask my ministry for a study. After that, they take that study and we tell them they maybe should go to see other ministries. That is the system. To say that there are too many studies—maybe we should say that in public and see the reaction. I do not think the municipalities, the villages or the native communities will say there are too many studies. Every day I am receiving a letter from the native people for a study for an alcoholism centre, a drug centre, a new motel or a mall—like Moose Factory, asking

for money for a study and saying that this thing is very close to coming to reality.

The native people came to me for a study on owning a cable TV operation in Moosonee and today they are active in it. I am going to do same thing with the municipalities. When the people at Mont Antoine asked me for a study of their ski resort I gave them assurance we would look into it and we are working at it. It was the same thing for Searchmont. I think there is some result. Maybe there are too many studies. I will look into that. The member for Lake Nipigon says there are too many studies.

**Mr. Pouliot:** We want the projects now; we have all the studies.

**Hon. Mr. Fontaine:** I do not have to hide behind the desk over here. I think given the projects that we have studied there is lots being done.

**Mr. Pouliot:** Not enough.

**Hon. Mr. Fontaine:** It is always not enough. If I put in \$200 million, it is not enough; if I put in \$400 million, it is not enough. Then when we raise taxes, you say, "Don't raise taxes." It is your mandate as the opposition to say that. We try to be prudent and have good management. When I used to come in front of Mr. Harris and his cabinet, they used to tell us the same thing too.

**Mr. Chairman:** Excuse me, Minister. I am sorry to interrupt you. Would this be a good time to allow Mr. Black to put a question on the record, so that there is time to answer it at a later date?

**Mr. Black:** Thank you very much. I am not looking for an answer today, but I would like to place a question on the record and give you a chance perhaps to come back with an answer.

For a number of years I served on an advisory committee for the northeastern Ontario principals training programs. During that time, a real need in the north was identified. That need is to try to provide educational leaders in northern Ontario with an opportunity to have the same kinds of post-graduate professional in-service development programs that are available in southern Ontario.

Just by way of background information, it is relatively easy for a principal in the south to do an MEd program at the Ontario Institute for Studies in Education or York University or take principals' courses that are easily accessible. In the north, that is a major problem. As a result, educational systems in northern Ontario are suffering drastically, because the people who

have the potential to provide sound education leadership do not get the opportunities.

A group in North Bay, consisting of representatives of Nipissing College, the Ontario Institute for Studies in Education office in the North Bay area and the Ministry of Education office in North Bay, came up with an idea of a centre for instructional leadership two years ago. In its broadest sense, the plan was to have one located in North Bay, focused at Nipissing College perhaps, bringing all of those agencies together, and another one that would provide a needed service in northwestern Ontario.

Because of the fact that the concept involved two or three different ministries, it has been difficult to get it off the ground. It is my understanding that an application has been made for funding under either the northern Ontario heritage fund or the northern development fund, and it is not a lot of funding.

Are you aware of that proposal and is it being considered for funding at the present time? If not,

in view of the very real need, is it the kind of proposal that your ministry could look favourably towards if I could encourage them to initiate that submission again?

**Hon. Mr. Fontaine:** I will check on it.

**Mr. Dietsch:** I would have liked to get the question on the record as well, but Mr. Blain used up all of the three minutes that the opposition left us, so I will have to save mine until February 6.

**Mr. Chairman:** Your resentment is noted. Thank you, Mr. Dietsch.

Minister, thank you and your staff for the time this afternoon. We will adjourn on vote 2801 in the Ministry of Northern Development and Mines and will commence again on Monday afternoon, February 6, following routine proceedings.

The committee adjourned at 6 p.m.

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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)**Vice-Chairman:** Wildman, Bud (Algoma NDP)

Black, Kenneth H. (Muskoka-Georgian Bay L)

Brown, Michael A. (Algoma-Manitoulin L)

Dietsch, Michael M. (St. Catharines-Brock L)

Grier, Ruth A. (Etobicoke-Lakeshore NDP)

Harland, Margaret (Mississauga South PC)

McGuigan, James F. (Essex-Kent L)

Moner, Norah (Durham West L)

O'Leary, Charlie (Oxford L)

Wiseman, Douglas J. (Lanark-Renfrew PC)

**Substitutions:**

Harris, Michael D. (Nipissing PC) for Mr. Wiseman

Pipsett, Ron (Grey L) for Mr. Brown

Pouliot, Gilles (Lake Nipigon NDP) for Mrs. Grier

**Clerk:** Mellor, Lynn**Witnesses:****From the Ministry of Northern Development and Mines:**

Fontaine, Hon. René, Minister of Northern Development (Cochrane North L)

Villis, Sheila, Executive Director, Corporate Services Division

**Du ministère du Développement du Nord et des Mines:**

Fontaine, l'hon. René, ministre du développement du nord (Cochrane North L)











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No. R-29

# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Northern Development and Mines



**First Session, 34th Parliament**  
Monday, February 6, 1989

Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers

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Published by the Legislative Assembly of Ontario  
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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, February 6, 1989

The committee met at 3:28 p.m. in committee room 151.

### ESTIMATES, MINISTRY OF NORTHERN DEVELOPMENT AND MINES (continued)

**The Acting Chairman (Mrs. Grier):** I call the committee to order. Mr. Pouliot, do you want to be nice in both languages or just one?

**Mr. Pouliot:** Madam Chairman, I have to answer by way of asking questions on the minister's contribution which totals some 26 pages and tells us about intent as opposed to what actually should have been done. I do not want to prolong or delay procedures but I would like to mention that some of the members of our caucus are very busy. We noticed that 12 ministers chose not to be present in the House today. The ranks are getting a little thin and there are other committees going on at the same time.

Having said this, our party cannot minimize the importance of and must especially focus on the lack of action from the Ministry of Northern Development and Mines. We are almost unanimous in our praise in that promises are not lacking, but what is really lacking is adherence to mandate and commitment on the part of the ministry.

I will draw your attention to page 2 of the minister's statement: "In November, the unemployment rate in northern Ontario dropped to 6.7 per cent"—which is the highest in the province—one per cent below the national average, and it is hoped that it will continue to decline."

I would be interested in getting the minister's response regarding the decline in population since his government took office some time in June 1985. The figures, to say the least, are distorted and do not reflect the true picture of what is happening in northern Ontario.

**Hon. Mr. Fontaine:** I will respond to this. First, the decline started long before we came. We have statistics from 1981 to now. We know we lost about 22,000 people. This coming year we in the ministry are going to look into the depopulation of the north. I do not think it is the fault of any government. We talked to one graduate yesterday in Timmins, a doctor who was born in Hearst but decided to stay in Ottawa.

The reason she gave was, "It's better there than in Hearst."

It is deeper than we think. The depopulation is not only the elderly. The youth are going to school outside the great north, Lakehead University or Laurentian University of Sudbury, for the reason that for them it is okay or that it is a bigger city. We want to address that and we are going to in this coming year. We will probably use a Rosehart style of committee to go deep into the problem which started a long time before we arrived in northern Ontario.

**Mr. Pouliot:** On the same line, when the minister makes mention of Rosehart, maybe he should have also mentioned Fahlgren. Surely the ministry should be aware that what is needed one more time, and I risk being repetitious, is action as opposed to studies. We have been studied to death. I need not remind you that some consultants have spent \$50,000 to \$60,000 of taxpayers' money.

**Hon. Mr. Fontaine:** But there was production with that.

**Mr. Pouliot:** Excuse me, I am making a point. Will you kindly put the minister under control? If that is the kind of tone we are going to have, we might as well quit right now.

**The Acting Chairman:** Why don't you formulate your question and then the minister can respond?

**Mr. Pouliot:** I am trying my best. I am trying to cultivate a line of talk, but decorum and good manners have never been the order when the minister is at a table. I am just trying to remind him that there is due process and he should adhere to it.

In terms of studies, Minister, you have had all these specific answers to address in the north and give people a chance to look to the future with a great deal of confidence. What specific measures do you intend in the next fiscal year to come up with for people of the north in terms of economics?

**Hon. Mr. Fontaine:** First, I would like to remind the member for Lake Nipigon (Mr. Pouliot) that with all the studies we have done there were results. Most of the little towns or cities had a waterfront study that we produced.



But going back to depopulation, we will not take five years to do it, but it is a problem that is deeper than only the surface, to say that kids are just going and not coming back. Probably it is the way they were brought up. Probably every night when the kid was there for supper, his father used to come and say, "I had a tough day. Don't do like me;" and the young boy or girl took that as, "Don't stay here."

We have the facilities. When people say there are no jobs in northern Ontario, it is false. If you look at the professional side, doctors, dentists, physiotherapists and all that, we need them all over the place. If you go into a trade, it is the same thing. We need plumbers, plasterers, mechanics, hardrock miners. The jobs are there. It is up to my ministry and myself to look into this and try to address it and find a solution. I am committed to this.

We use most of the programs in northern Ontario to our end. I recall 1985. Youth unemployment was 27 per cent and up. I think it was 27 per cent in the east and 29 per cent in the northwest. That was from the age of 18 to 25 or 27. The other population had close to 17 per cent. Now we are down to about 12 per cent or 11 per cent in the youth and about 7.2 per cent or 6.5 per cent, as you said, in the others. I am sure if you look at it, something has happened since 1985.

I know that the problem of northern Ontario is different. I am writing a letter to Mr. Mulroney. I am preparing a letter to ask that at least he have one of his ministers in Ontario as a spokesman or that I and other ministers can address on northern problems. As you know, before we had Mr. Kelleher and we had Mr. Crombie when he was northern affairs minister. I met many times with him, not only on the native issue but on other issues.

Right now, there is no federal minister to speak for northern Ontario. There is not even a minister in the south to represent the interests of northern Ontario. I am writing that letter today and it should be out tomorrow. I am going to repeat to the member that the province cannot do it alone. The federal government is going to be part of it. If we are going to afford to do anything, they have to be part of it. We are going to go for a new mining agreement. My ministry is a small ministry, but I assure you that we will use the funds that are available for development with great prudence, and then we will produce with it.

First of all, the northern Ontario regional development, or Nordev, program was very popular. We created 3,000 to 4,000 jobs; 3,000 and something, for the small entrepreneur. The

Northern Ontario Development Corp. is there and the tourism redevelopment incentive, TRI program; the northern Ontario tourist information centres enhancement, NOTICE, program and Destinations North. The health programs are in place. You may be going to say they are not working for you, but I think we are making some inroads. We are making inroads in education. We had a spokesman last weekend, an ex-deputy minister of education. He said in the north that some high schools are models for co-operative education and models too in science. We are making gains.

Another thing I want to tell you is that, through my ministry, we have many towns which have developed their waterfronts, which created a positive impact on the community. I can use the example of New Liskeard, Gore Bay and many places.

As far as the economy goes, we know there is a problem in the sawmills. The Premier (Mr. Peterson) asked Mr. Rowan to look into this specifically and his report should be out pretty soon. It is not only the 15 per cent; probably it is the old picture of a sawmill. We will have to rationalize, and they may have to make some change in the way they plan the operating plant to allow the sawmills to survive, coexisting with the pulp and paper and all that.

**Mr. Pouliot:** I want to draw the minister's attention to page 4 of his report. I want to talk briefly about the northern Ontario heritage fund. The minister will recall that almost two years ago, now, the speech from the throne, with much fanfare, made announcement of the creation of the heritage fund to address some economic problems up north. In the following provincial budget, it was mentioned that \$30 million would be set aside. Actually, no money was set aside and a full year went by.

In the last budget, the Ministry of Northern Development was able to earmark some \$30 million per year for the next 12 fiscal years. At that time, the minister was reminded of the urgency of addressing some of the proposals that had been crossing his desk for several months. The minister was also reminded that the \$30 million was just not sufficient.

It was also pointed out to the minister that some \$30 million, an equivalent sum, was allocated to build a playpen, namely, the SkyDome facing Harbourfront. The \$30 million was earmarked for the north. It has been more than 10 months since the last budget. Can the minister tell the committee how much of the \$30 million has been spent this year and on what project?

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**Hon. Mr. Fontaine:** I would like to remind my honourable friend that when the act was passed we formed the committee as fast as possible. I was complimented in the way we chose the committee. There are very good people. We met again for the seventh time; the last meeting was last Monday in Thunder Bay. We looked at the project for small- and medium-sized enterprises. We looked at 107, which were granted \$3.9 million for a total investment of \$29.2 million for the jobs created. We are going to create about 341 jobs.

As I said previously, this fund is divided into two sections: one is for the Norfund; the other is for a single-industry community. On this one, we are talking with some municipalities. We are under much stress. For example, on the Temagami issue, there is no formal application from those municipalities or towns. I am talking about the single-industry towns. We are working with some companies. They are looking at those areas, but I am talking about the municipality itself.

The other part of the fund is the new technology and special project. On this we have about 24 applications and 24 projects under consideration. For example, today they are being reviewed by the NODC and the ministries of Tourism and Recreation, Natural Resources, Energy and Transportation, because we are touching automotive fuel, forest fire computer modelling, school bus manufacturing, automated mining equipment manufacturing and grain handling facilities. Other projects we have of the 24 are: steel fabrication for the resources industry, a dental laboratory, commercial printing, granite test marketing, heavy equipment repair facilities, furniture manufacturing, drill manufacturing, tourism facility marketing and feasibility studies. These are under study. I cannot say which way they are going to go.

When I was there, there were other applications that arrived, for example, a small mini-mall for the natives in Moose Factory. There are others that are coming every day, and there will be some decisions when they go through all the application forms. We are not here to give money away and the people on the board are specific. They are going to be prudent and they are going to fund viable companies or viable projects. We will take risks, but still in the meantime we have to be prudent with the money of the taxpayers of Ontario and our investments in the north.

**Mr. Pouliot:** I want to come back to the minister on that very specific question. I mean, it

is quite easy. I have indicated to the minister that he is 10 months into the fiscal year. He is allocated \$30 million for promotion and development up north; only \$30 million. You are 10 months into the exercise. How much money has been spent to this point with only two months to go in the fiscal year and on which project? It is a very easy question.

**Hon. Mr. Fontaine:** For the member for Lake Nipigon, it is always an easy question. But I want to remind him that I am not God. I have not got the 107 programs in my head, but I am telling him there was more money given to the Norfund last week. These figures should be out pretty soon. Probably they are approving another \$2 million or \$3 million. So if you figured all this, there is about \$7 million in the Norfund.

In the other one, we are studying big projects that I cannot divulge here because we are negotiating with companies. This is the way it is being done. I have just told you where we are looking and, first of all, we have got to see if those companies are really on a solid base. We are looking on the health side too. I want to remind the honourable member for Lake Nipigon not to be scared, because if there is some money left at the end of this fiscal year, we will not lose it. It is going to be there for the next year.

**The Acting Chairman:** Does that answer your question?

**Mr. Pouliot:** No, it does not, Madam Chairman. I am going to come back to the minister and say that he is responsible for public money. I respect the fact that you wish to keep negotiations a secret. That is due process and I respect that; I can well understand that. But you are the chairman of the northern Ontario heritage fund on account of your mandate.

I am asking you again: You are 10 months into the process. You are dealing with public money. How much money has been spent so far? If you have not spent five cents, please tell the committee you have not spent any money. I want to know how much of the \$30 million has been spent and on what projects. You have not answered the question. If you have not spent anything, tell us.

**Hon. Mr. Fontaine:** I have just said that we spent close to \$7 million on small- and medium-sized industry. We know all the names by heart. One of these days we are going to get the list. I have said that twice. The last time it was \$3.9 million. I am sure we approved close to \$2 million or \$2.5 million last time.

This covers, too, the promotion of tourism for those tourist operators who are doing all those



things. But on the other side of the other projects, we have some applications for big ones that we are studying. We are negotiating because we cannot go and say, "I will give you \$1 million." We say, "How much money are you going to put up yourself?" Then we negotiate and if we are satisfied they are putting their money in it, we will do it.

I want to remind you that the money is not lost. It is the first time in the history of this province there is a fund located in a special bank account that will not finish at the end of the fiscal year.

**The Acting Chairman:** If there is a list of the projects on which the \$7 million has been spent, could you table that with the committee and let the member have it?

**Hon. Mr. Fontaine:** It is Nordev or Norfund. We always put it on the list. The problem is that when we approve a loan, sometimes there are still some negotiations with other ministers or the bank. We have to wait until the guys say they are ready. We approve it, but there is another side of it if, at the end of one month or two, the guy cannot come up with his money.

**The Acting Chairman:** I think the question is whether there is a list of those that have been approved and whether the approvals have been completed. Could that be shared with the committee?

**Hon. Mr. Fontaine:** We will share that.

**Mr. Pouliot:** I want to thank the minister, but in order to save valuable time, and also this kind of endeavour which does not portray the committee at its best, maybe in the future, as food for thought, the Ministry of Northern Development and Mines should envisage the possibility of enacting disclosure regarding the heritage fund on a quarterly basis, for instance, to keep us au courant. This would not only be for the members of the committee, but also for the respective critics for the two opposition parties in the Legislative Assembly.

**Hon. Mr. Fontaine:** We will look into this.

**Mr. Pouliot:** You see no objection to that? Because it was you, Minister, when reminding us of your mandate, who stressed co-operation and that we were all northern people. It was a collective effort and we were going to work together. I believed you when you said that. I still do, but credibility is very important in this endeavour.

I want to talk to the minister about health matters, page 5. At the bottom of the page you talk about specific projects including "encouraging entrepreneurship; responding to native

economic needs; and encouraging the use of technology to overcome distance barriers in the north."

I am also the native affairs critic. I represent many northern communities including Port Severn, which is the northernmost community in Ontario, on the shores of Hudson Bay. I can assure the minister that some of the economic conditions we see on the northern reserves border on conditions you would experience in the Third World. When you are in that special part of Ontario, you do not have a health system second to none and you do not have state-of-the-art technology. I take no pride in reminding the minister of this, but we have very little of what southern Ontario takes for granted. Nowhere is it more evident than in northern Ontario.

## 1550

I know that your ministry, along with others, has not addressed the needs of our native population. What we have seen more often than not is a game of ping-pong between the federal and provincial governments while the less fortunate in our society, the people who need help the most, are left holding the proverbial bag. What are your intentions? What specific programs and fund allocations do you have to help our first Canadians, the native population, who also happen to be our first Ontarians? How much money will you spend on the reserves in northern Ontario in the next year and on what projects?

**Hon. Mr. Fontaine:** It is a hypothetical question, but still I can say that we have some funds available through the native economics branch, the money we put aside through the northern development fund. There are three native people sitting as members on the Northern Ontario Heritage Fund Corp. board.

Again the problem—as the member for Lake Nipigon knows, we came up with an agreement in the mining sector with some reserve or some tribal council at Dona Lake. We are working on another one. We are working too on a strategy for north of the 50th parallel to try to address the development side of it, to allocate.

If you and I go over there, we know the ball game. Here is the game: I am going back to the development. The problem with the native issue on development is the lack of equity. They have their own fund. The feds put some money in the Nishnawbe-Aski nation. They have a \$7-million fund. There is another fund with the Metis. They changed their name from the Ontario Metis and Non-Status Indian Association to something else. They got another \$7 million that week. My ministry and Mr. Scott, the minister responsible



for native affairs, are giving money to administer for the next five years. After that, we think they can be on their own.

Again, they are themselves very prudent in spending money to their own. They always come back to say, "We need equity." Right now, we are looking at this problem of equity for natives. The Ministry of Industry, Trade and Technology, my ministry and the minister responsible for native affairs are looking at the equity side. I want to assure the member for Lake Nipigon that I do not think it will be logical or even beneficial if we allow them a 100 per cent grant without a match effort.

A year ago at about this time, the Nishnawbe-Aski had a big conference on the economy. One spokesman from Minnesota who was a native said: "Don't do that. Always try to find at least a percentage to be sure this project belongs to you." That is what we are looking at. As an example on the recreation side, we know that we cannot apply the same criteria to build an arena at Kashechewan that you do in Marathon or Manitouwadge. We know that. We helped them on that side, but they raised \$70,000. They could not raise \$200,000, but other ministries came in to help them bridge that.

On the economic side, I think the natives themselves will have to find a way to raise at least a percentage of equity to be assured that those projects are viable. We are going to take the risks, I am telling you, but they themselves will have to find a way. That is where they have problems. I talked to Charles Fox, Frank Beardy and Ben Cheechoo. Ben Cheechoo was the manager of that fund in Thunder Bay. He did not spend that money all over the place either. It means working together with the Nishnawbe-Aski and the tribal council to try to find a solution for this.

**Mr. Pouliot:** I cannot help but reflect on the minister's response. I quote verbatim what he has said. I heard it. I was talking about health, schools, the land transfer services; the minister was talking about risk-taking.

**The Acting Chairman:** The minister was responding in terms of grants, I think.

**Mr. Pouliot:** Oh, in terms of grants. Perhaps economic development is what you are saying. I see a responsibility, a mandate, a social conscience; I do not see even an element of the word "risk" when you talk about people who do not have health facilities up north.

**The Acting Chairman:** Your question was specifically with respect to what programs were available to deal with the health problems.

**Mr. Pouliot:** What will be done? What will the minister do to enhance the quality of life and basic necessities regarding the less fortunate in our society, namely, our first Canadians on northern reserves? He is quite encouraging and he talks a good line, but millions and millions of dollars need to be spent and they are not being spent. What we have here is a calamity, a tragedy and it reflects badly on Ontario as a society in the way we treat our minorities, especially our native Canadians.

**The Acting Chairman:** I think the question is clear to the minister.

**Mr. Pouliot:** It is something we should collectively and individually be somewhat ashamed of. The minister has some power and can rectify some of those problems by the stroke of a pen. I want to know where he is coming from in terms of the human dimension. Where is he coming from in terms of social conscience? He has that power. What is he specifically going to do in the next fiscal year to make their lives somewhat better?

**Hon. Mr. Fontaine:** The member for Lake Nipigon talked about economic matters too; now we are going back to health. First of all, I want to remind the member that the health issue is under federal jurisdiction, it is not a ping-pong ball.

If you talk to the tribal council and look at the problem at Sioux Lookout, the government of Ontario wanted to build a new hospital, to have better health care. Then the federal people and the health committee said we should look at amalgamating the two. Then there was a veto by the chiefs of that area. When we look at the service in my area where they are sending patients to Queen's University, and we say we are going to build a hospital in Timmins that should be regional, again the natives are reluctant to say, "Yes, we are going to send our patients to Timmins." I am talking about the linkage to Queen's University or the hospital in Kingston. But I can assure you that the province built two small hospitals in other areas where the feds did not go, namely, Fort Albany and Attawapiskat.

We are now working with the people over there to have housing. In the next few months, I should have a decision on this. They have some housing right now but it is like a dormitory. The nurses want to be alone so we are going to build small apartments.

The problem in health is like that. If the Nishnawbe-Aski were here today, or any treaty ones, they would say: "This is a federal affair and the province should keep out of it. If we need you later on we will come and see you."

When Mr. Peterson went to Moosonee before he was the Premier we had a meeting that night. The tribal council of that area was meeting on health. It was trying to take over health. That is four years ago and it has not come to that yet. They told Mr. Peterson: "On education we will play a part in it with you. There is also the policing and all of this. But health is federal and we do not want to let go." If the member for Lake Nipigon has something else that he knows about, that they are prepared to make a move towards co-operation with the province and with the feds, as long as the feds do not renege on their commitment moneywise we will be prepared to look at it.

**The Acting Chairman:** Minister, perhaps you can respond on the question of social services and specific funding that is in your estimates this year.

**Hon. Mr. Fontaine:** I am going to tell you, first of all, I am not the Minister of Health and I am not the Minister of Community and Social Services, but when there is a problem sometimes we top up. We have a social package in my estimates and we always try to help other ministers and ministries when there is some shortfall. But the lead in health is federal, and with the Minister of Health and the Minister of Community and Social Services.

Then you look at the side of culture; it is with the Minister of Culture and Communications. Myself, I am just there to push the programs that are adaptable without showing Ottawa that we are doing it so that it is, "Let's forget it," and they do not give you your money. That is the danger in this.

**Mr. Pouliot:** The minister made mention of transportation in several parts of his leadoff. My experience has been that since deregulation has been enacted, we do not have more air service. In fact, we do not have the same; we have less. We warned about it at the time of its happening, when air service was deregulated. It was a federal matter. Mind you, we followed suit on the trucking industry and they refused to listen to the words of wisdom and reason in matters of this kind. The regulations are there to serve the people of the north, more so than any other region or parts of Ontario, they go back to Confederation. They are very well associated with our economic tradition up north and they have rendered a specific service.

1600

NorOntair is under the minister's jurisdiction. What our experience has been with Air Ontario,

with Austin Airways and now with Bearskin Air is that we have fewer options at a higher rate. The rates have gone up. It costs the people of northern Ontario more money to travel by air. It also causes them much aggravation by reason of virtue of not having as many flights available as before.

I would be interested in hearing your comments regarding this really sad situation we are experiencing. NorOntair is not picking up the slack. You have promised; you have made several statements. I do not want to say that you have given us nothing but broken promises; I do not want to say that. Suffice it to mention though, that what you have said and what is in the real world do not match.

I really believed you again, and the people of the north did, that the services would be provided, that where Air Ontario has sold its interest to Bearskin Air, indeed you would pick up the slack under norOntair. It has not happened. What are your comments regarding this?

**Hon. Mr. Fontaine:** In answer to the member for Lake Nipigon, I will say that with the norOntair schedule we had, we did not cancel any. What I said many times is that I am going to monitor the other situation. Peter Dymont is over here. He could talk on this, if you want him to. We are monitoring it. Marathon is an example of where some other service arrived. If you think this is no good, then we could monitor it and look at it, but if there is a place where there is only an average of one passenger a month, I cannot look at it.

We did leave one area, but in the other areas, when we monitor it and somebody else came—if I am hearing you right, now they think that those services on Bearskin are not as equipped. I am going to ask Mr. Dymont to look at those areas. I would like you to send me the areas, the towns, or the town at least, that you are talking about.

**Mr. Pouliot:** You know what the traffic is. Let's not put the onus—I am not talking about a King Air leaving Toronto Island with one or two passengers at a cost to the taxpayers. I am talking about an essential service. I am talking about guarantees.

We know that we do not have the same service we used to have under Air Ontario. We also know that when we do get the same service, the same routes, it is costing us quite a bit more than it should, by virtue of the lack of competition, which is the essence, your role model, in the marketplace. That is on air transportation.



Nevertheless, I am pleased that you seem to be heading in the right direction.

**Hon. Mr. Fontaine:** The primary role of norOntair was to stay there until private enterprise arrived. Okay? That was our first role. I think we did it and I think we are doing it again. We are using our planes at full tilt.

I am telling you that if there are places about which you are not satisfied, we are not there to go and try to make competition. If there are three or four flights a day, why should norOntair go there and be empty? We tried it in Cochrane and it did not work because people were taking Air Ontario, not us, and we had to get out. But I am prepared to monitor the areas you are talking about if you can give me the list later on.

**Mr. Pouliot:** On the catchphrase on the subject, and you have just mentioned that again, free enterprise or entrepreneurship—by admission of your Premier and yourself several times, those are your role models—it seems that under those efforts the community should be better served and it is the answer to all the problems, that if you have a market-driven economy, you do not need to change the fundamentals such as the tax system, which is unjust; there is no problem.

I would like to remind the minister because he mentions several factors related to the entrepreneurship programs under his ministry—I talk to entrepreneurs; I listen also to what they have to say. What are your plans to lower the price of gasoline for northern Ontarians so they can better compete in the marketplace with their southern counterparts, because right now it is about 12 cents a litre more. So if you drive a car let's say 30,000 kilometres, it costs you about \$430 a year more if you live in the north than if you lived in southern Ontario. What kind of entrepreneurial specifics do you have to deal with that problem so that people could be more competitive?

**Hon. Mr. Fontaine:** One thing that we looked at a couple of years ago was the northern development council. They figured at that time that we should put money in the roads instead of lowering the gas a few cents a litre. We allocated for the next five years, I believe, the amount of \$77 million. They decided that. Since then, I admit that the price has gone up and there is a difference of between 4.9 and 6.2 cents in the average price in the summer.

It is a very difficult situation. We had a royal commission on this at the end of 1977 by Dr. Isbister. In the end there was no solution because when you figure the wholesale price in the city of Timmins compared to the wholesale price in an

area like Kapuskasing, there was a difference of only a few cents. The retail price was the same. So in the end, where there was a difference between Timmins and the other areas, it was because the people at the service stations were charging more.

We had another inquiry in 1986. At that time the companies came up with the new idea of a rack price. Again, the price at that time was pretty stable. It was comparable not to Toronto, but to most of the places in the south. Then again it took off. The Minister of Energy (Mr. Wong) and I wrote a letter to meet with the companies and try to see what this rack price did. Now we have to watch the takeover of Texaco by Imperial. If we lose, if Imperial buys Texaco, it will be one less in the north because then we will be faced with only Shell, Petro-Canada and Imperial. Then we will lose out on the competition. I think my government will have to be very watchful there.

A few years ago through this ministry, as an example in Chappleau and in areas where there was no competition, we had put a program up so the co-op people could start a co-op. There were no takers for it. I do not know the reason. We had this little project in mind and nobody took it. I know the problem because, like the member for Lake Nipigon, I travel quite a bit in the north and the cost is there. He is right. I do not say we can change that overnight, but I think we will have to work on it to try to find another solution to this.

**Mr. Pouliot:** What you need is a commitment on that one. Thank you, Minister.

On the price of electricity, the argument would be parallel. With a great deal of validity again, our entrepreneurs and our consumers are paying higher electricity prices than they are in southern Ontario. We use more electricity. It is colder up north. I noticed that last weekend. I have known that for some 25 years now. It is a great deal colder up north. Also, the winter lasts a long, long time. What are your plans to reduce or help alleviate the cost of electricity in northern Ontario?

**Hon. Mr. Fontaine:** First of all, as you know, electricity is governed by an act in Ontario. It is not like Quebec. The Minister of Energy announced that we are going to try to use Hydro as a development tool and that there is good success right now in co-generation. Mini-hydros are going ahead in many places, but that does not mean the price will not go up.

We are paying a rural price in northern Ontario. We are working very hard with the Minister of Energy and with Hydro in those



communities on diesel. Right now there is a submission that I cannot divulge, but we are working on it and trying to come to a solution in those areas.

**Mr. Pouliot:** Again, it is those veils of secrecy. Surely, this is a collective effort. If the minister has some exciting plans that would make it more livable in northern Ontario, then surely he owes it to himself and to the people of Ontario.

We are talking about a section of the province that decade after decade has sent its natural resources to southern Ontario. What we are asking here is what vehicle, what mechanism, do you have to establish reciprocity? We want something back. Now the minister tells me, "Maybe your question is well taken, but it is a secret."

I do not care if you take all the glory, minister. More important, it is not the way you feel or I feel; it is the way the people of the north are going to benefit. You have a mandate. You have a duty to divulge your exciting plans to lower the cost of electricity in northern Ontario. What better occasion than to do it today?

1610

**Hon. Mr. Fontaine:** First, I remind my honourable friend from Lake Nipigon that I said we are working on it very hard and at this point there is no announcement.

**The Acting Chairman:** Perhaps there is a policy you could explain to the member under which the announcement might be made.

**Hon. Mr. Fontaine:** First of all, I am not the Minister of Energy. We are working on it. I do not care if you question me all night on this one.

**Mr. Pouliot:** Of course not, but I get a little sceptical.

**Hon. Mr. Fontaine:** It is secret when we are in cabinet. We deal this way and that is it. One of these days you are going to see it, and then after that the announcer may say: "Well, you pushed me to do it."

**Mr. Pouliot:** I am not asking the minister what specific plan he has to lower insurance premiums. The writs have not been issued. I am not asking the minister to guarantee that unless these conditions are met there will be no deal and that is the bottom line. I am asking for honesty here, that if he has specific plans—Let's face it, we have been taken down the garden path.

The people of the north are anxious to share the good news with the minister, because every time that meter goes around one more time, people have to pay a little more, and the more they pay

for basic necessities such as gas—the minister agrees with me that it is too high up north but he does not know what he is going to do about it, and it is the same thing for electricity—the less money we can put into the economy to help us to generate momentum and help us become a better part of the economic mainstream of Ontario. We do not have that. You are sapping our resources, our economic possibilities because we end up paying so much more of what we take in than other people for basic necessities.

The minister sympathizes with us. He is very concerned, but in terms of innovation and imagination—Language is great. You can do a lot of things, but in terms of the real world, there is not much here. That is why I am asking the minister. There is not much here that is very encouraging that will reach the pockets of northerners. Maybe the population will keep on decreasing, most importantly.

I have a few brief questions to the minister regarding a very important component of economic stability and development up north: our road system. Over the past four years I have written the minister several letters regarding many things, from four-laning the Trans-Canada Highway to asking what the minister's plans are to enhance tourism through a better road network. I have asked the minister to address the Caramat road between Highway 11 and the township of Manitouwadge, where it just so happens I reside so I am quite familiar with the need to upgrade that road. I am not being the least bit parochial; it does lead to Highway 11 from our community.

Time and time again, I have met with refusal on what are, by all accounts, reasonable requests and proposals. They would go a long way to rectifying what is lacking in northern Ontario. Everyone likes good roads, safe roads, and everybody would welcome tourism and economic expansion through our road system. It is a very important component. Therefore, my question is: What specific plans does the minister have for new roads and existing roads in the next fiscal year?

**Hon. Mr. Fontaine:** We are working right now on a program over the next five years for Highway 69 from Victoria Harbour to Port Severn. Design work is under way in 1989 to the section from Port Severn to MacTier. And we have large planning studies costing hundreds of thousands of dollars also under way on a section of Highway 11 between Huntsville and North Bay.

Then, the recent statement by Benoît Bouchard, Minister of Transport, regarding the possibility of federal participation in the upgrading of Highway 17 through Ontario, is welcome news. We had two or three letters from him saying no before the election. As a matter of fact, he has now told the other ministers of transport of Canada that he is going to look into it.

Then I would like to say that we are continuing to address the gateways, which are Highways 11 and 69, and we are considering bypasses, for example, east of Sudbury and the one in Kenora. We are finishing Bending Lake Road. We are looking at finishing the highway—I don't know the number, the Hornepayne Road—eventually to pave it with hot mix. We are adding two more passing lanes. We will begin southern Highway 59 north of Parry Sound this year and we are starting the construction of the bypass at Parry Sound in 1989.

The Ministry of Northern Development and Mines will accelerate design work on the Sudbury southeast bypass because we have to go through an environmental assessment; the widening of Highway 17 from Thunder Bay westward; the completion of the Kenora bypass—I said that; the addition of a passing lane on Highway 11 north of North Bay, and we are adding more passing lanes on Highway 17. The government has increased its spending on northern highways in 1988-89 by over seven per cent from 1987-88, by over 33 per cent since 1986-87.

The highway priority is to address the need for bringing our existing highway system back to a reasonable standard after years of basically status quo funding. When we took over, the Ontario Road Builders' Association in the the northwest had a status quo. Since then, we have increased by 33 per cent to try to keep pace and build new roads.

You asked me about your road at Caramat. It is an industrial road. We are doing our best in my ministry, but at this point I cannot promise you a highway over there because we have to finish, first, the highway to Hornepayne and Bending Lake and other highways before I venture on a new highway.

**Mr. Pouliot:** I do not want to catastrophize and sell fear. It is not my style, but sometimes I really wonder when I travel the desolate and remote roads—if you could call them that up north. I experience those conditions at first hand, and I read in the paper that people in the south are looking for improved soft shoulders. I want to remind the minister that what we are concerned with up north mainly is the section between the

soft shoulders. You are really not doing enough, minister. You are going to say: "It's all right. It's your role to say it's not enough."

I try to be just, I try to be fair, but it is really not enough. This is the richest jurisdiction in Canada, one of the richest jurisdictions in this world, yet to see the road conditions up north—You are a member of the government. Do you cover your face in shame when you travel those roads? It is one bump. In other jurisdictions they do not advertise those bumps, they fix them. You must spend an awful lot of money on signs there. The truck traffic has more than doubled in five years. How many people must die? If it was in southern Ontario, you would have so many organizations who would say, "The minister has blood on his hands." I am not accusing the minister of anything. What I am saying is that it is aggravating.

We travel those roads. I live 600 miles away. Now I hear the northern Ontario project, Parry Sound. With the highest respect for the member for Parry Sound (Mr. Eves), I live 600 miles north of Parry Sound. Parry Sound is not in northern Ontario for the purpose of road building. Give me a break.

**Hon. Mr. Fontaine:** The gateway.

**Mr. Pouliot:** Oh, it is a gateway. Not only that, I live 600 miles north of Parry Sound and my riding, the riding I have the honour of representing, extends another 1,000 miles north of that. Maybe you are going to start at Steeles Avenue, with the Toronto mentality.

I am surprised, Minister. I remember the boy from Hearst when he was reeve of Hearst and I was reeve of Manitouwadge. My, you have changed, Minister. You had the mentality of northern Ontario. I think it still becomes you, but I have to remind you not to enter the bubble of southern Ontario. You were pure then.

**The Acting Chairman:** Do you have another question on another topic?

**Mr. Pouliot:** With the highest of respect to people in southern Ontario, I am a great admirer of all the facilities, the Taj Mahals, the mecca of culture. I am never jealous. I want to wish people well, but I am somewhat envious and cannot fail but to see the difference. I keep thinking about our resources.

On the subject of resources, there is a 15 per cent softwood lumber tax that is jeopardizing the employment and economic wellbeing of many people. Some have lost their jobs, Minister. You are fully aware of that. The 15 per cent was supposed to come back in the north to retrain, if not relocate, to give people another chance. Can



the minister tell the committee what has happened to that 15 per cent lumber surtax? I mean, the Premier said it was going to come back up north.

1620

**Hon. Mr. Fontaine:** I think the money is coming back to them, the general funds. There are many programs that exist in the north. I can say there is a program for skills development which is in place. They are going to expend more in the north because of the situation.

I agree that the 15 per cent was not the doing of this province and it is hurting, really, the sawmill industry to a point that, as the member for Lake Nipigon just said, we are hurting. But we are meeting regularly on this one to be sure that the people affected are retrained through the program that exists. We will do our best. I am sure part of that money he is talking about is coming back to those programs that are there. It is not only the 15 per cent; probably the other thing that is hurting more is the Canadian dollar.

**Mr. Pouliot:** I know that other distinguished members have some very relevant and direct questions for the ministry.

In conclusion, I have reviewed meticulously the presentation from the ministry. I could literally spend hours, not only on pitfalls and shortcomings. I feel, as I approach this in a nonbiased or nonpartisan way, that the minister is on the right track. I think the minister has a commitment to the north. Sometimes he shares a vision with the north. What could never be questioned is the integrity of the minister when we talk about northern matters, which brings me to sympathize greatly with the fashion in which the Minister of Northern Development is treated by his cabinet colleagues.

Here is a person, with the people from the Ministry of Northern Development who help—and I want to just touch briefly in my conclusion on this part of the estimates on those people who work with the Minister of Northern Development, and I wish that it become a matter for record.

It is not easy in the trenches to have to justify your dreams for expansion, Minister. The fact remains that the north is where the future of Ontario lies. We have the resources. We have the expertise. We have the entrepreneurial spirit, but a market-driven economy alone will not do it. That is not quite the answer. Maybe short-term, it will be. The economic situation is very bullish, very good, but we need a blended economy where we need government—not government

intervention or interference, but government direction and some funding.

Otherwise, by ourselves, we are quite vulnerable. We may mean well, but all factors are not equal. We have some difficulty because of the marketplace, because of the situation of where we reside, where it is a little harder to conduct business. We do not have the volume. We are at a distance away from customers and suppliers, and that is well. I know that you too would wish to address that.

A word briefly and in conclusion on your staff. Your mandate is not the kind of precise—how do you say it in English?—rules and regulations. It is not cast in stone. It is not determined. You have a lot of latitude.

Now, you are very candid, as a ministry. As to your expenditures, I am just as liable to find that you have built a sauna for a senior citizen's home someplace maybe—do not quote me; I am just using that as an example—and I think that is welcome news.

Then you have picked up the 12.5 per cent portion of the fascinating world of sewer and water after municipalities pick up the other 12.5 per cent. The Ministry of the Environment gets its proverbial residual of 75 per cent. It is a collective effort. Sometimes you see the ministry, sometimes you do not. It is very hard. Then again, it is very refreshing that when all is said and done, we always go to the Ministry of Northern Development.

You also have a lot of expertise and a lot of dedication. I have been around for only four years; Mr. Wiseman has been here some 15 or 17 years, so his courage is great. I am not aware of any other ministry that is so accessible for everyone, not only for communities but also for individuals, and may you never lose that.

In some cases, 50 per cent of the work that the people under your leadership do has nothing to do with the mandate of the ministry. They go beyond. The thing is, in some circumstances if they do not do it, it will not get done. I am the critic for the opposition. In this case I have no ifs, no buts, no howevers. Those are fine people that you have there in your ministry. They make the situation look rather good. It is easier to pay a compliment than to receive one. Do not let that in any way lure you into even beginning to believe that enough has been done.

C'était l'abbé Pierre qui disait, en conclusion : « Vous nous avez donné une goutte, quand nous, on aurait besoin d'un fleuve. » Vous allez dans la bonne direction, mais ça prendra un peu plus d'argent.



**The Acting Chairman:** Minister, I do not now whether you want to respond to that unaccustomed compliment or risk having the but" added to it if you do.

I have some members of the government side who want to ask some questions, but let me first ask the member of the third party, do you wish to question the minister and have him respond now?

**Mr. Wiseman:** Our critic will be here. I have some questions I would like to ask as well.

**The Acting Chairman:** We will deal with the opposition's questions first. The floor is yours.

**Mr. Wiseman:** Following along with what our colleague had asked, in all fairness, the minister spoke so fast that I could not catch some of the details of the roadwork and at what stage it was at in the north. He mentioned something about talking to the federal government about the Trans-Canada Highway. I would like to know whether he had meetings with his federal counterpart about building the portion that goes through Ontario and what stage that is at. I did not catch it, if you did say when you were reading that off so fast. Perhaps I will listen a little closer.

**Hon. Mr. Fontaine:** If you recall, the Minister of Transportation (Mr. Fulton) said in the House about seven months ago that it was no go; the feds will not give money to help the Trans-Canada Highway. When they met before election time in Halifax, Mr. Bouchard said he would look into it. Now it is getting more positive that they are going to help. It is going to take about two years. We will have to negotiate. There is a good chance that they will give money for the Trans-Canada Highway and probably for other municipal roads.

**Mr. Wiseman:** I should know, but maybe you could tell me, does Mr. Fulton do the negotiating with the federal ministry there?

**Hon. Mr. Fontaine:** Yes.

**Mr. Wiseman:** At what stage do you come in?

**Hon. Mr. Fontaine:** I look after the roads in northern Ontario. The money is in my budget but the construction and the bids are done through the Ministry of Transportation. I am there as an advocacy ministry, plus I get the budget too. We decide if we will prioritize a road.

When I am talking about gateways—it is a commitment that we made and that I think is essential right now—Highway 17 alone is over \$7 million. We cannot do it alone. We are doing work on Highway 17, for example, for passing lanes and shoulders, and we are doing a lot on Highway 11. I am now looking at Highway 11 from Huntsville to North Bay and Parry Sound to

Sudbury or Fort Severn or Victoria Harbour, eventually to have this four-laned to the north as a gateway.

1630

**Mr. Wiseman:** Just so I am clear on that, from the discussions that are taking place and have taken place between our Minister of Transportation and the federal Minister of Transport, it will take a couple of years to see those passing lanes and everything come into play?

**Hon. Mr. Fontaine:** The passing-lane work will continue, we will do that, but I was told the four-laning of the Trans-Canada Highway could take up to two years before all the provinces agree, because that is going to be a big chunk of money.

**Mr. Wiseman:** So they will talk for a couple of years and then maybe we will see the bill some time after that?

**Hon. Mr. Fontaine:** Yes. I am very pleased that the matter is open, because it was closed up to a few months ago.

**Mr. Wiseman:** I was not quite sure. When you went over it, it sounded as if nothing was going to happen pronto.

**Hon. Mr. Fontaine:** No, not pronto.

**Mr. Wiseman:** I thought the passing lane in Kenora was complete.

**Hon. Mr. Fontaine:** It is not over yet.

**Mr. Wiseman:** I have not been up there lately.

**Hon. Mr. Fontaine:** It cost over \$100 million. When we took over, the people had a big petition. The town did not want it any more, but we should finish pretty soon.

**Mr. Wiseman:** Is the bypass finished?

**Hon. Mr. Fontaine:** No; next fall.

**Mr. Wiseman:** How long have we been at that?

**Hon. Mr. Fontaine:** Don, when did we start that?

**The Acting Chairman:** Please identify yourself.

**Mr. Moorhouse:** My name is Don Moorhouse and I am regional director for the Ministry of Northern Development and Mines in Thunder Bay in the northern development and transportation division.

The question, I believe, was the completion of the Kenora bypass. The present schedule is that it finishes in the fall of 1990, a year from this fall. It started in 1978. That was the first clearing contract, to the best of my recollection.

**Mr. Wiseman:** I was trying to picture where they are going across there to get around going through the town. How many miles of road are we talking about to bypass it? We are there, and I can picture it, but I do not know where you are going now.

**Mr. Moorhouse:** Again, I am going from recollection on it, I have not checked my notes recently, but I believe from one end to the other it is a total of 35 kilometres, which is slightly in excess of 18 or 19 miles. It starts the other side of Keewatin and comes out on this side of Kenora just west of the junction of Highway 71, which is the road that goes down to Sioux Narrows.

**Mr. Pouliot:** As vice-chairman of the public accounts committee for the Legislature, I will ask: In your opinion, do you believe the taxpayers of Ontario are getting full value for money in terms of the Kenora bypass?

**The Acting Chairman:** I am not sure that is an appropriate question to ask Mr. Moorhouse.

**Mr. Wiseman:** I just wondered if I could come back to it again, just so I know where the thing is going.

**Hon. Mr. Fontaine:** I think it will be a good road. It was an expensive road, because we had to go through a rock cut. The people were consulted and then later on they did not want it, but we are going ahead. It is expensive, construction costs were very high, but that was a must, because the government at that time started to put it in and that is it.

**Mr. Wiseman:** Are they putting the bypass on the right-hand side of the road, the side Minaki Lodge is on?

**Mr. Moorhouse:** Yes, it is on the right side if you are driving towards Manitoba, north of the communities north of the airport.

**Mr. Wiseman:** It would need quite a big bridge.

**Mr. Moorhouse:** If my memory serves me correctly, there is a total of six structures across the Winnipeg River and a couple of railway crossings as well.

**Mr. Wiseman:** The other one the minister mentioned that I was not familiar with—I have not been up there in years—is the Sudbury bypass. What started you out there?

**Hon. Mr. Fontaine:** One is finished, but now we are looking at the east end. We are going through the process of environmental assessment and all that. That is the east end.

**Mr. Wiseman:** You have finished the east end?

**Hon. Mr. Fontaine:** No, the west end is finished. Now we are working on the east end.

**Mr. Wiseman:** Is the Ontario Northland Railway working well now? Is it making money? Has it had a lot of passengers?

**Hon. Mr. Fontaine:** Peter Dyment, the general manager, is here. He can give you that.

**Mr. Dyment:** My name is Peter Dyment. I am the general manager of the Ontario Northland Transportation Commission. In answer to your question, it is alive and well and healthy.

**Mr. Wiseman:** Are we seeing more utilization of the Ontario Northland? Are we attracting more tourists to it?

**Mr. Dyment:** In terms of tourist services, we have probably peaked. For instance, on the Chieftain Commanda on Lake Nipissing we are flirting with a ridership of about 20,000 passengers a year. We have about the same number on the Polar Bear Express excursion. The Hanna Bay Goose Camp is also at a peak. We are neither increasing nor decreasing our usage, but each of them is contributing well to the parts of northern Ontario they serve.

**Mr. Wiseman:** Is it breaking even? Railroads, I know, usually do not, but are we breaking even with the freight and the passenger service up there?

**Mr. Dyment:** Passenger service, of course, is subsidized by the province and by the federal government, so that the net effect to Ontario Northland is that we are financially protected. As far as the freight business is concerned, we are making money.

**Mr. Wiseman:** So we are losing on the passenger and making on the freight?

**The Acting Chairman:** We are subsidizing the passengers.

**Hon. Mr. Fontaine:** We are, as taxpayers, but the company itself does not lose.

**Mr. Pouliot:** I think the Provincial Auditor has identified some shortcomings and pitfalls associated with it. I am sure you would be most familiar with it. Would you care to comment on the findings of the Provincial Auditor regarding the Polar Bear Express, for instance?

**Mr. Dyment:** Yes. The Provincial Auditor suggested that we have built some new cars which are not compatible with the old cars. That is by design. We are especially thankful they are not, because we have recognized that the age of steam has long departed. New cars we have built are electrically activated and definitely do not have compatibility with the old steam cars.



The Provincial Auditor also suggested if we ran fewer trains we would lose less money. That's true.

Third, the Provincial Auditor suggested there could perhaps be some economies in reducing the lining-car service from Toronto to Kapuskasing. It is our view that putting a person on a 14-hour train ride without meal service is not warranted.

**Mr. Pouliot:** Your point is well taken. Someone has mentioned that if your horse cannot beat the Polar Bear Express, it does not deserve to live. But it is part of the history, and it is also quite a tourist attraction. Again, we will likely endeavour to find out more about your plans to comply, because our mandate also is to monitor compliance. I am talking about the findings of the Provincial Auditor. We will look forward to more detailed analysis.

**Mr. Wiseman:** How many trains start out of Toronto now? Is there just the one that used to leave here in the afternoon some time, or is there more than one train that leaves here and goes up to Moosonee?

**Mr. Dyment:** There are two passenger trains that leave and arrive at Toronto daily. One is a night train, which is essentially a train operated by Via Rail. When it passes through our territory, we drive it and the onboard services are really a Via responsibility. It is the night train that has been around for a number of years.

Ontario Northland operates a day train out of Toronto. It goes to Timmins, but it also is extended to Kapuskasing by bus. It is strictly an Ontario Northland train. It is a train we bought in Europe four years ago. We have four sets of them. It is one of the few trains in Canada for which passenger traffic is increasing annually. It is doing quite well and is quite well received by the public.

We operate a third train, the Moosonee train, which runs three days a week to Moosonee from Cochrane.

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**Mr. Wiseman:** I have taken that. Is it making money? Is it one of the tourist attractions that is still doing well?

**Mr. Dyment:** None of the passenger trains is making money and each is subsidized, primarily by the province.

**Mr. Wiseman:** You were opening a new station. I asked the Minister of Transportation about it and he said I would have to ask here about it. I should have asked where it was, but there was a new station you were about to open. Has it been opened?

**Mr. Dyment:** We opened a brand-new station in Englehart in the fall of 1988. We christened a renovated station in Timmins in December 1988. We started building a new station in North Bay in December; it should be open by December 1989.

**Hon. Mr. Fontaine:** We just formed a committee—it will be announced officially on February 13—to study the passenger side of it. There was some study made by Margaret Scrivener on all this and we have not touched that since then. We want to look at it again, because it is costing the taxpayers quite a bit of money. That does not mean we are going to cut the service, but we will have to rationalize it and look at something else. The cars are getting older, on the night train especially.

At the same time, it was announced last week we bought another ferry to run from Tobermory to the island. This ferry came from Norway. I do not know if it has left Norway yet, but we got the approval and the announcement was made. This year, for one of the first times, we broke even on that ferry and there was a big lineup. I think it is going to help that area, and tourism on the island. It was good. People were very pleased, because for them that is the continuation of Highway 6, for example. For a while they were after a causeway, but now they are going to have another ferry.

**Mr. Wiseman:** How many more passengers can it carry? How much larger is it than the one that was on there, because there was a backup on that, was there not, at times?

**Mr. Dyment:** Yes. Especially on weekends during the peak summer periods of July and August, we would leave a fair number of cars on the dock. The existing ship, the Chi-Cheemaun, will hold about 125 North American cars and will carry 615 passengers. The new ship will hold about the same number of North American cars, 125 to 130. Initially it will have a 400-passenger capacity, but within a year we hope to increase that to the same 615.

**Mr. Wiseman:** Will you leave the two ships on?

**Hon. Mr. Fontaine:** We ran into trouble with the other one a few times. When there was no backup, it was a big problem too. People are booked and they are stuck in the lineup. I think we are making some headway over there.

**Mr. Wiseman:** Do you still have the special coach that you have rented in the past to presidents in the United States and so on for their elections? Just out of interest, did you lease it to the candidates in the US for the last election?



Probably the minister has ridden on that once or twice.

**Hon. Mr. Fontaine:** No, I did not. When I came over there I told them not to use it too much, because the opposition at that time did not like it. We do not use the coach that much any more.

**Mr. Dyment:** It is not used at all to any extent and we restrict it to our own lines.

**Mr. Wiseman:** They have rented it in the past to presidential candidates or whatever for sweeps across the United States and did quite well out of it. I just wondered if we did this in the last election.

I wonder if I could go back to the lumber tax. You kind of skipped over—or maybe I did not understand—the 15 per cent lumber tax. It was the feeling of some of the lumber people I know that some of that tax should have gone back for better protection of the forests, for replanting of more trees and so on to make it more palatable for them to pay that 15 per cent tax.

Maybe I am wrong about what you said, but it would look as if the Treasurer (Mr. R. F. Nixon) perhaps got his hands on that money and it had just gone into the pot. If you were lucky enough to get any of it out for some of the things that some of us thought might have happened with it—as I said, the planting of trees, better forest management, better fire protection and that sort of thing—can you pinpoint for us any extra money you might have got as a result of the 15 per cent that went back in to help the industry that it was taken from?

**Hon. Mr. Fontaine:** First of all, I want to remind the member for Lanark-Renfrew that I am neither the Minister of Natural Resources nor the Treasurer, but the money is there and I am sure it is going to be used eventually. It is being used right now for the forests. I know there are some retraining programs going on, and those are costly, but the only money that is outside the general revenue is the heritage fund; the rest is there.

The associations are meeting with the Treasurer. There is a meeting tomorrow night, a supper with the Ontario Forest Industries Association. I am sure they will bring that up too.

I am not in a position myself to talk for the Minister of Natural Resources or the Treasurer, but I figure the money is there and it is being spent in some way in the north through the programs.

**Mr. Wiseman:** Can you tell us if a payment has been made yet by the federal government

back to the provincial governments on that? Is there anything you know of that enhanced the forest industry that would not have been there if this 15 per cent had not been collected?

**Hon. Mr. Fontaine:** We will get this information from the Ministry of Natural Resources. At the beginning, it was supposed to be \$25 million, but the last figure I heard was down to \$15 million. As you know, shipping to the United States is down about 35 per cent, so the revenue tax was down to about \$15 million the last time I heard. We will get that from MNR and I will answer your question.

**Mr. Wiseman:** I would like to know if you got any additional money that you did not have in your budget as a result of that. I am sure you are interested in seeing some of it go back to the lumber dealers and the people who want to enhance the forests to keep them producing.

**Hon. Mr. Fontaine:** I want to remind the member for Lanark-Renfrew again that the agreement that was signed is a very complicated one. We are trying to give money back to the sawmills to modernize, and we think if we do that it would be against the countervailing duty. Again, if we give money even directly to reforestation, it could be countervailing. It is very complicated. I am sure the ministry is looking at this, with Mr. Rowan's advice, to try to find a way to help the lumber industry, which is in distress right now.

**The Acting Chairman:** Mr. Wiseman, a couple of people have supplementaries. Can they get in now?

**Mr. Wiseman:** Yes. I just wanted to ask one question.

**The Acting Chairman:** Okay, one more. Then I will let them in.

**Mr. Wiseman:** Ever lose your train of thought?

**The Acting Chairman:** Sorry.

**Mr. Wiseman:** I will let them ask the supplementaries and then I will have the question.

**The Acting Chairman:** Mr. McGuigan, you had a supplementary.

**Mr. McGuigan:** The minister touched on it, but I wonder if it is not correct that an alternative regarding the 15 per cent, the alternative to our putting a tax on it and keeping that money in Canada, was to have the Americans apply a duty of 15 per cent. That money would then go to the American government rather than to the Canadian government.

Part of that agreement was that the money was not to go back directly to the industry. I cannot say what is correct and what is not correct, but I think the things the member is touching on fall in that area of some question of whether or not you can put that money without violating the agreement and then reverting back to the position where the Americans collect the money rather than us. I am wondering if my understanding is correct.

**Hon. Mr. Fontaine:** That is my understanding. That is why we are very prudent. I know the Minister of Natural Resources (Mr. Kerrio), the Minister of Industry, Trade and Technology (Mr. Swinter) and my people are working on it to try to find a way to throw some money to the companies without going against the agreement that was signed.

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**Mr. Wiseman:** The lumber people I talked to thought, as Mr. McGuigan said, that rather than see it go into the United States in tax they would like to see it remain in Canada, particularly if it went back to protect the forests, plant more trees and perhaps enhance them, whether fertilizing or whatever.

**Hon. Mr. Fontaine:** The money is staying in Canada.

**Mr. Wiseman:** It stayed in Canada, I know. But we are all a little gun-shy. We have a licence for fishing; the fishermen agreed to that, thinking it was going to enhance their fishing, with more hatcheries and so on. The Treasurer has got his hands on that money and—

**Mr. Black:** On a point of order, Madam Chairman: I may be confused. I am not sure which ministry we are hearing the estimates for now. Are we doing the estimates of the Ministry of Natural Resources or are we doing—

**The Acting Chairman:** I think Mr. Wiseman was using the analogy of fishing licences in order to talk about softwood lumber.

**Mr. Black:** Oh, was he? I see. I misunderstood him, perhaps. I thought he was talking about—

**The Acting Chairman:** Perhaps you could frame it in the way of a question, Mr. Wiseman.

**Mr. Wiseman:** We saw what happened there. Now we see the 15 per cent coming back. In all fairness, maybe the minister did not mean what he said, but he said, "We're spending the money." Then when I asked again what he was spending it on, they were working it out. If they

are spending it, I want to know where they are spending it. If they are not, that is another story.

**Hon. Mr. Fontaine:** What I meant was that when the money comes back, or if it is here—I am not the Treasurer; I do not know if the money has arrived—but if it has arrived, it is in the fund and we are spending it in the north on retraining and on reforestation. The area of direct grants to the companies is an area we are studying, if we could help with that money so that the sawmills in distress could modernize. We are looking at that, but it seems that it is against the countervailing.

**Mr. Wiseman:** I am sure in your capacity as minister for the north, you are interested in the welfare of those lumber mills. I understand you have an interest in some of the lumber mills. I would think you would check with the Treasurer to see when that money is coming back.

You did say too, whether you meant it or not, that you were talking with the Minister of Natural Resources about ways you might spend this money that would not be contrary to the agreement. Then just a minute ago, if I heard you right, you said you do not know whether the money has come back yet. We should really know if—

**The Acting Chairman:** I heard the minister undertake to provide the committee with details of how much money had in fact come back. Is that correct, Minister?

**Hon. Mr. Fontaine:** Yes.

**Mr. Pouliot:** The minister should not attempt to cut a tree when he is out on a limb. Hansard is a wonderful thing; it records verbatim what is being discussed here. I specifically heard the minister say the 15 per cent was being spent, and it was being spent on specifics. One of the specifics the minister mentioned is the very reason the 15 per cent was agreed upon. It was not imposed; it was an agreement. People saw what was coming; they decided, "We will acquiesce before we get hit, so we'll go with 15 per cent," which was seen as an unfair subsidy.

The 15 per cent, the money generated, was earmarked for specific reasons. Our philosophy or approach here is to say: "Much of the money is being spent. What are the plans to address those specifics with the revenues?" Certainly, one of them was not to throw it back into sawmills for modernization, because that is contrary to the agreement, and he knows it.

**The Acting Chairman:** I would like the minister to perhaps explain to the committee what it is he can provide them with in the way of information.



**Hon. Mr. Fontaine:** First of all, I said that the money is in the consolidated revenue fund. It is being spent on programs that affect northern Ontario.

We never said we were going to help sawmills, but the sawmills are after us to use that money to help them too because they are suffering right now. We are looking into this to see if it is not against countervailing. Some have got to modernize to be more competitive; otherwise, we are going to go down the tubes.

You were right when you said the Premier said we were going to use some money for retraining. Am I right or wrong? I said to you that the retraining programs for the north are in place and are working well. That is my feeling. If the money that arrived from the countervailing duty is there, the money is being used in that area too, because it is being used all over the ministries. It is in the fund.

To tell you the money is all here, that I cannot say. I am not going to come back to you to say how much money arrived in the last year. The only thing I can tell you is that it was supposed to be \$25 million, but it is not \$25 million. It is going down every day. The last figure I heard was \$15 million. That is all I can say.

**Mr. Wiseman:** You mentioned you would give us a report. In that report, would it be how much money the province has received, what has happened to that money and what programs it was earmarked for—

**Hon. Mr. Fontaine:** Again, I want to repeat that it was not specifically earmarked.

**Mr. Wiseman:** —or if, and I hope it has not, it filtered into the pocket of the Treasurer and was used for other things?

**Mr. Pouliot:** But you said—

**Hon. Mr. Fontaine:** I did not say. I said that if the moneys come to the fund, some of that money must have been used to pay for the services in the north.

**Mr. Pouliot:** Must have been? This is not a witchhunt. What my colleague and I are asking for is very legitimate. The minister has mentioned specifics. We want an account of how much money is in revenue and, following the minister's words, specifically where it has been spent.

**The Acting Chairman:** I understand the minister has undertaken to provide that information to you.

**Mr. McGuigan:** In my several years here—  
Interjections.

**Mr. Pouliot:** On a point of order, Madam Chairman: I find it very difficult and I will not have a great leader maligned in any way while I sit here representing our party. I am sorry.

**The Acting Chairman:** I think the remark was in jest.

**Mr. McGuigan:** He really does a great job of feigning injury, but I do not want to start anything else.

In my several years here, I have heard many comments made about the possibilities of a phosphate fertilizer industry in northern Ontario. I am interested from the standpoint of being a user of phosphate fertilizer, and my riding certainly is. We deal in world markets with our products.

A little bit of background for nonfarm members: When you buy a bag of fertilizer, there are three elements in it. Nitrogen is taken out of the air. The air we breathe is 80 per cent nitrogen so we take it out of the air, but it takes a good deal of energy to do that, and because of our very fortunate energy supplies in Canada, we are a quite cheap source of nitrogen fertilizer.

Also, in western Canada, a good deal of the prairie provinces have been blessed with an old underlying sea bed and we have something like about 80 per cent of the world's supply of potash, which is the second element.

The third element is phosphorus. Presently, we get our phosphorus from Florida, where they have open-pit mines. Members from the north will understand more than I do that open-pit mining is a very economical method. They load it on ships. It comes up through the St. Lawrence Seaway. It is unloaded at Hamilton; I think that is where most of it goes. It is treated there with acid, which makes the phosphate available to the plants, because in its raw form, the phosphate is not available, and then goes out to the farms.

1700

Is there an opportunity for producing super-phosphate, which is the treated form, in Ontario? It would certainly put Canada and Ontario in a very favourable position if we had all three elements sort of homegrown. Of course, the caution we have is, can it be done competitively with offshore supplies? I know there have been studies made on this. I wonder if the minister can comment on the possibilities of a phosphate fertilizer industry in Ontario.

**Hon. Mr. Fontaine:** As the member for Essex-Kent knows, in 1986 we funded a study to assess the feasibility of developing a northern phosphate deposit and establishing a fertilizer



industry in the north using phosphate and sulphuric acid from the northern smelting operation.

As you know, the deposits are in Kapuskasing, Cargill township and Matheson Lake. That is north of Val Côté. The biggest deposit is there. We used Cargill because it was close to transportation, close to the highway and to the railway. On top of that, we could use the winter road to Timmins. We used Timmins too because there was a big amount of sulphuric acid from Kidd Creek Mine.

Probably they erred; they should have looked at Sudbury and all this. While they were making that study, it was so tight in profits that they said, "We have to look at Timmins and that's it."

We made the study, and then we knew there could be a very good market in the 1990s. When we went to meet in Timmins with Kidd Creek, at that time Kidd Creek was not interested because it said its sulphuric acid was already sold for the next 10 years. Then we wrote other companies. We got good response from Falconbridge, Noranda, C-I-L and, finally, Inco.

Now we are in the process of moving ahead with a detailed phase 2 socioeconomic feasibility study. My ministry and the Ministry of Mines wrote the companies, and we are arranging a meeting with the other interested bodies to see what the future is. It could be in Sudbury, but the deposits of the phosphate rock are in the Kapuskasing area.

**Mr. McGuigan:** So you are faced with a big transportation cost.

**Hon. Mr. Fontaine:** Right. That is the reason we were looking at Timmins first, because there was a winter road that we could use from Spruce Falls up to Timmins, or the Ontario Northland railway, or the highways. Then in the end, Kidd Creek said, "We're all sold out."

The first study was done on whether there would be a market, when the market would be in place. Then we took a computer run on Timmins. We went to Timmins and said, "Now we are going to work with Sudbury, Falconbridge and Noranda."

Noranda, frankly, is very interested, but that is Noranda. In Quebec, they are spending over \$1 billion to clean up the environment. Still, we are going to look at all options.

**Mr. McGuigan:** Just to follow up, you are not in a position where you can say it can be produced, but the cost would be \$3 or \$5. You do not have a pricetag.

**Hon. Mr. Fontaine:** No. I could give you the figures that we had. Yes, we had some

figures for Timmins on the study of phosphate. We had some figures for Timmins, the cost of transportation, the cost of extracting and all this, but not for the other places, Sudbury or—

**Mr. McGuigan:** Really, all I am looking for is, does it come close to competitive costs?

**Hon. Mr. Fontaine:** It was a very marginal operation. Without big grants, I do not think it would fly.

**Mr. Faubert:** I am sure the minister is not only well aware of but has a concern for both issues I want to raise. One relates to the keeping of youth, who are the future of the north and obviously one of the great resources of the north, in the north. The second relates to the other side of one issue; that is, the lack of health care professionals in the north and the difficulty in getting them to go to the north. I am just wondering if the minister could tell us of any specific plans related to both of these. Does he have any plans or initiatives related to these problems?

**Hon. Mr. Fontaine:** On youth, I said that I am going to move in the next few months for a true study of what the problems are. On health care, I think we are working with a real problem in the French language. The Minister of Health (Mrs. Caplan) has some linkage with universities in Quebec and we are looking to some linkage with other universities, Western and Queen's and Ottawa, to try to get the doctors to go and not practise but train in the north as part of their studies, their internship.

That is what we are aiming at. We are sorry that about 10 years ago, when they formed a medical school, they gave it to McMaster. Probably that should have gone to the north. Now we know there are too many doctors, but we are going to try to get our fair share of students to go to the north for their internship. That is the way we are aiming.

As I said in my opening speech, we have bursaries for areas that are not in Ontario. Some students can go and study in the United States and they will be allowed to come back to the north and to Quebec. We are working at it.

I know there is a big problem. I come from a small community, but with centres of excellence—as in Sudbury now and eventually in Thunder Bay for cancer, and Timmins will become a regional hospital—I think we will attract the specialists. It will be hard to attract specialists to small communities. We will have to use the air ambulance and the transportation system.

**Mr. Faubert:** I think that to keep the youth in the north it is not just a matter of job

opportunities, surely. It goes beyond that. Is this why you initiated further studies on this?

**Hon. Mr. Fontaine:** Yes. We want to go and meet with them where they are and find out why they did not come back to go to university. The bottom line is that if they still will not go to Laurentian or to Thunder Bay, those universities will probably have to have some northern studies, such as we do at Trent on the great north, and try to attract the students to northern Ontario as a good place to live and promote those areas.

**Mr. Pouliot:** If Mr. Faubert will allow me a supplementary on this very important subject matter of training physicians, I am somewhat appalled because we did ask your counterpart in cabinet, the Minister of Health. In her traditional warm and bubbly fashion, she informed us that she had no intention of having physicians formed at Lakehead University, for instance, in northern Ontario. But I heard you say—rightly so and I share your sentiment—that it was an unfortunate decision and that you personally would favour training of medical professionals at one of the northern universities. That is what you said. You would favour that.

**Hon. Mr. Fontaine:** Yes, but that is my personal idea.

**Mr. Pouliot:** That is your personal opinion.

**Hon. Mr. Fontaine:** Yes.

**Mr. Pouliot:** Spoken like a true northerner. I think this is right, it would give people the exposure. We are not talking about the full five or six years but two years at the beginning or the two years at the end, so people could be exposed to the north and have a better understanding.

**Hon. Mr. Fontaine:** That is my personal view.

**The Acting Chairman:** Thank you. Mr. Faubert, do you have any further questions?

**Mr. Faubert:** Just on that, until that gets under way as a program, are there any specifics beyond the supplementary payment that is made to physicians to practise in the north?

**Hon. Mr. Fontaine:** We do some promotions every year, the municipalities that want doctors, with the help of Mr. Abbott. They go to Toronto, Ottawa and London and promote northern Ontario for what they need. It is working a little bit, but I do not think that is the miracle formula. I think we need more than that.

**Mr. Faubert:** Have you ever urged the Minister of Health to look into ways in which offshore-trained physicians coming into Canada could spend a mandatory period in the north for a

period of time before—because they all gravitate to Metropolitan Toronto, or they appear to.

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**Hon. Mr. Fontaine:** It was tried with dentists after the Czechoslovakian revolution. I am the one who fought for it. The association of dentists finally said, "Shut up." I was on the front page of the paper every day. Then they allowed those dentists to study in London for one year. They all came north and only two stayed after five years. This is a problem, but I agree with many that if we cannot find another solution, we should look at that one. But that is my personal feeling.

**The Acting Chairman:** The member for Nipissing has joined us. Mr. Harris, I do not know what state you were at in your comments. Have you had an opportunity to comment on the minister's submission?

**Mr. Harris:** I had commented, I guess, for some period of time. I appreciate the committee accommodating me last time and today. Has the minister responded to my comments yet?

**The Acting Chairman:** I do not think the minister has specifically responded to your comments. He responded to some additional questions from the member for Lake Nipigon, which I think may have covered some of the same ones you had asked. But if you would prefer to proceed that way, then I would be happy to ask the minister to respond to the specific questions that you proposed last time.

**Mr. Harris:** Perhaps I could raise one other matter and leave that all with the ministry, recognizing that I think the government House leader is going to want to see me again before six of the clock.

**The Acting Chairman:** You may find some of your questions have been answered and are on the record.

**Mr. Harris:** Could I bring up one more matter with the minister? If I have to leave, if I could get a response to it today or at some future time, that would be satisfactory with me as well. There are perhaps two matters, both relating to the same thing. It will not take me long.

I noticed that Mr. Dymont, the general manager of the Ontario Northland Transportation Commission is here. I am interested in two things. Let me, through you, Minister, congratulate Mr. Dymont for taking the initiative on the second ferry, to provide service. It is not just for the islanders on Manitoulin Island. It is indeed of interest to us in the north for the Sudbury-North Bay tourism route in providing not just service to



Manitoulin Island, but service that we think is beneficial to all of northern Ontario.

I would be interested in knowing where any of the repairs or retrofitting of the new ferry, when it arrives, are going to be done. Obviously, my interest would be that as much work as possible be done in Ontario.

Second, I would be interested—and an answer to this may not be simple to provide—in knowing where the study to look at rail service to northern Ontario is at. I would further suggest that there is no more opportune time than now, when air service to North Bay particularly is so undependable. Air Canada just announced the cancellation of another flight: Toronto-North Bay-Timmins and return. That leaves us now with only one jet flight a day by Air Canada, and a very undependable service that Air Ontario is trying to provide to the north. Mr. Deluce may be interested in my comments. I am sure they will find their way to his desk.

We have been experiencing great difficulties there. Some of it is, I understand, problems at Pearson International Airport. None the less, we are concerned about that. I bring that up in the context that never has there been such an opportunity for improved passenger rail service to be so attractive, particularly to the business community seeking improved access to the south and improved access for business people in the south coming north.

The minister, the deputy minister, and I am sure Mr. Dymont, will know that ever since I was elected, regardless of the party that has been in power, I have been a strong proponent of substantially improving passenger services. I believe the only railway capable of doing it is the Ontario Northland Railway. I would be interested in knowing what is happening in that whole area as well.

**The Acting Chairman:** Mr. Dymont, we have had some discussion of the ONR, but perhaps you could respond to those specifics. Or is the railway study within your purview? Should somebody else respond to that?

**Hon. Mr. Fontaine:** First of all, I would like to say to the member for Nipissing that the committee will be announced officially on February 13. The chairman will be Matt Rukavina, who had many years of experience in the action group, as you know. We will have people from all over, from North Bay to Hearst, on that committee, who will be reviewing the other studies made by your government, and then trying to come up with some new ideas about what we can do to better the passenger service

between Hearst and Toronto. We will have public hearings—meetings, shall we say. I do not want them to take a year. We will give them a few months to do that and then to respond.

I agree with you that it is a pertinent thing. We have got to look at all aspects of this costly operation. We will not do away with the train, but we will have to rationalize and do our best to serve northern Ontario.

As far as the ferry goes, I think Mr. Dymont will touch on this. Where the thing will be repaired or retrofitted I do not know.

**Mr. Dymont:** It is our present plan to drydock the ferry in Norway, and that should be under way by the end of this week. There will be some very minimal underwater work done in Norway. We will bring it over to Halifax and wait for the seaway to open; and when the seaway opens, we will bring it into Ontario and plan to do any work that is required either in Owen Sound or Thunder Bay.

**Mr. Harris:** Since my main competitor for time is now in the chair, surely I can follow up with a couple of questions, Mr. Acting Chairman.

**The Acting Chairman (Mr. Pouliot):** We certainly welcome your presence, Mr. Harris. We have another 45 minutes.

**Mr. Harris:** Okay. Is the work that is being done in Norway work that is required to bring the vessel here, or is the reason for doing the work the time line, that you want to get the vessel operating on schedule? I understand you would like to see it sailing this summer.

I guess there are only two reasons why it would be acceptable to me that the work is being done in Norway: (1) it has to be done to sail it across the Atlantic and bring it here; or (2) in order to facilitate having it for this sailing season, some work must be done now.

**Mr. Dymont:** The work that is being done in Norway is mandatory work in order for the insurer to insure us and in order for us to be fully confident that there are no hidden defects. We are simply putting it up in drydock to gain more confidence and to satisfy Lloyd's of London.

**Mr. Harris:** Do you have any estimate of how much work will be required on the vessel once it is somewhere in Ontario before it is ready for sailing?

**Mr. Dymont:** The current estimate is about \$1.5 million worth of work in Ontario.

**Mr. Harris:** You are hopeful this will be done somewhere in Ontario. Do you know where yet?



**Mr. Dyment:** We would like to do it all at Owen Sound. That is our present plan. Any work that is cosmetic and does not require shipbuilding ability we will do right there.

**Mr. Harris:** Okay.

I wonder if Mr. Dyment has any comments on what has to happen so that we could go from North Bay to Toronto line in two and a half to three hours on a reasonable schedule.

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**Mr. Dyment:** That is a very interesting question and I know that you know that we have wrestled with it for some time now. The impediment to our increasing our speed on the North Bay-Toronto line is of course the fact that it is not owned by us; it is a Canadian National line.

Our feeling is CN placed priority on freight. In defence of their position, there is more money in freight than there is in passenger business. We think that in order to get a fast, rapid, comfortable train between North Bay and Toronto, we would have to get more control of the movements on that particular line and we certainly are discussing that with Canadian National.

**Mr. Harris:** Can you tell us what the trackage charge is now that you must pay to CN to use the track?

**Mr. Dyment:** It is about \$19 a month.

**Mr. Harris:** For every mile travelled?

**Mr. Dyment:** For every mile travelled, for every train set on it.

**Mr. Harris:** Can you put into perspective what it would cost if you owned the line?

**Mr. Dyment:** The quick answer is \$19 a mile. Canadian National have the same expenses we do. The cost of running a passenger train is an allocated cost; it is after you take into account freight revenue. I do not think that if Ontario Northland owned the line or controlled the line, the per mile charge would be dramatically different. There would be a tremendous difference in control of our trains and in speed of our trains, and the expenditures would be in northern Ontario rather than the south.

**Mr. Harris:** Okay. Maybe you can help me. What is the trackage charge for a freight train over the same line?

**Mr. Dyment:** That has never been computed, because the freight trains belong to them and they are charging on a per town or a per car basis and they do not need to know what the contribution is per train. I suspect that if you tried to work that out, you would not get a figure that would even

resemble the \$19. You are talking about trains with 100 cars and a completely different set of circumstances.

**Mr. Harris:** Okay. Can I ask you this? If there were no passenger trains on the line, would there be any less cost in servicing that line, in keeping it open, in the maintenance or the repair of anything?

**Mr. Dyment:** In my view, very little reduced costs. I think the running of a passenger train on the Toronto-North Bay portion or on the North Bay-north portion is probably very incremental. That the freight traffic is prompting the majority of our expense.

**Mr. Harris:** So that while the trackage charge is \$19 a mile, if there were no passenger trains on that line, there would not be a substantial reduction in the cost to CN of maintaining that line?

**Mr. Dyment:** That is correct.

**Mr. Harris:** Why then, when calculations are made by governments of the costs of running trains, does it make sense in the overall good, if you like, of the railway or in the overall government sense to continue to charge, for the sake of some bookkeeping entry, \$19 a mile for the passenger trains?

**Mr. Dyment:** In this particular case, I will have to pretend that I am with CN and I would think that it has taken all its costs and divided them by the number of train sets or the number of cars and come up with \$19. To them it is revenue.

**Mr. Harris:** Is it fair to say that rail passenger services have never been a priority of CN and that it is much easier to go after a subsidy from the government to provide passenger services than it is to provide freight? Rather leading, I understand.

**Mr. Dyment:** I cannot answer for CN. I can tell you that getting a subsidy from the government with Ontario Northland is not an easy task.

**Mr. Harris:** Okay. I have one other question.

**The Acting Chairman (Mrs. Grier):** There is a supplementary on that, is there, Mr. Black?

**Mr. Black:** If I may, Madam Chairman; I will be brief. Mr. Harris has made a suggestion of a two-and-a-half-hour to three-hour run from North Bay to Toronto. Is that in fact a feasible time and would that allow for any stops along the route, if you could get clearance?

**Mr. Dyment:** Our estimate is three hours and 15 minutes from North Bay to Toronto with no stops.

**Mr. Black:** With no stops?

**Mr. Dyment:** Right. If that were a service, we would recommend that probably we would want a maximum of one stop; no more than that.

**Mr. Black:** I guess the second supplementary, and then I will leave it, is that you are currently in negotiations with CN related to that. Is it your view that those negotiations might be successful or fruitful or is this something that has been ongoing for some time?

**Mr. Dyment:** It is premature. CN has publicly stated that it is its intention to remove itself from certain branch lines. Certainly, the line that runs from our rails west of Cochrane is considered a branch line and we are negotiating seriously with CN with the view to whether Ontario Northland can undertake that line. The second phase of that particular set of negotiations is North Bay to Toronto.

**Mr. Harris:** I just have one other question. Did you put the \$19 per mile in perspective as to how much that translates into per passenger carried? I do not know if you have that figure at your fingertips. The reason I am asking is that my understanding from a meeting of some four years ago, when I was delving into this question with some of the transportation people of the Ministry of Transportation and Communications and the Ministry of Northern Affairs at that time, was that this portion of the charge was a very substantial portion of what the railway estimated cost per passenger, when you made up the deficit that is always associated with passenger travel. Is there some percentage? Would it be half the cost?

**Mr. Dyment:** It would probably be about 35 to 40 per cent of the cost. I reiterate that our costs are about the same as CN's costs.

**Mr. Harris:** I understand that, but if a government or a railway wanted to abandon passenger traffic altogether, there is not going to be any reduction in the cost of maintaining that rail line. The freight rates will then have to pick up what passenger services are now subsidizing. Not very many railway people put it in those terms. The reverse would follow, I suggest.

**Mr. Dyment:** That is very true.

**The Acting Chairman:** Is that the end of your questions?

**Mr. Harris:** I know we do not have much time. I will leave whatever responses to Mr. Pouliot. They are calling me for another meeting.

**The Acting Chairman:** Okay. Are there any

further questions from members of the committee?

**Mr. Black:** I placed a question with the minister last week. I am hoping he may have the answer to it. It had to do with the centre for instructional leadership in North Bay.

**Hon. Mr. Fontaine:** To answer your question, we are looking into this. It will be part of the study on youth I am going to do in the next few months.

**Mr. Pouliot:** You cannot be satisfied with that.

**Mr. Black:** Does the concept appear to be one that would be consistent with the thinking behind the northern Ontario heritage fund or funding from your ministry?

**Hon. Mr. Fontaine:** I did not go that far.

**Mr. Pouliot:** How far did you go?

**Mr. Black:** Madam Chairman, would you ask the member for Lake Nipigon to quit interrupting? I am trying to get—

**The Acting Chairman:** He should follow up.

**Mr. Black:** That is what concerns me. We are here to hear from the minister.

**Hon. Mr. Fontaine:** What I want to do with what you propose is to look at the whole situation of youth migration. This is part of it, education. I think we will have to put it in that context and then I will come back. I do not think I can separate the two. With education in northern Ontario, in the end we will have to ask the question, are they giving youth what it wants? I think it boils down to that.

Some are leaving because they want to go to a big city; but for some others the programs are just not there. We are going to need leadership from the schools, not only at the high school level but at the primary school level. I am looking at the summer school of science and technology at Laurentian University in Sudbury for high school levels of grade 9 to grade 12. That is a pilot project we are looking at that too. I think we will have to develop our own leaders in every field in the north; we probably cannot depend on the outside. We will have to try through our school system to develop that kind of leadership.

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**Mr. Black:** Just in conclusion, I point out to the minister that the proposal I have asked him about is one that would give a major emphasis to providing leadership in the educational systems of northern Ontario. As such, that in itself would be a strengthening of the economy of northern Ontario and of the potential benefits the people of



that area could realize. I ask him to give very serious consideration to that.

**Hon. Mr. Fontaine:** I am going to give that serious consideration. We have people in my own ministry who are involved in education and I will give that to them to follow up.

**Mr. Tatham:** This may be a leading question, but talking about development of the north, have we ever done any studies involving rapid transit rail transportation to bring people down? The cost of living down here is very expensive. I am not thinking of way in the north, but just up into the North Bay area. How many dollars would it cost? How much development could we do up there? Have we ever done something like that?

**The Acting Chairman:** Mr. Dyment, can you tell us if you are aware of any studies that have looked at that aspect of the rail transportation issue?

**Mr. Dyment:** If I understand the question correctly, it had to do with whether we or somebody has studied the provision of a train to take people to northern Ontario.

**Mr. Tatham:** Where does northern Ontario start now? You run from Toronto up to North Bay and then north. Have you ever studied improving that rail service to encourage development in the north, so people could get down here faster?

**The Acting Chairman:** That is the three and a quarter hours you were talking about.

**Mr. Tatham:** At what speed would that train run?

**Mr. Dyment:** The best we can probably do with current technology and the current roadbed is three hours and 15 minutes from Toronto to North Bay with no stops.

**Mr. Tatham:** What speed is that? How many miles an hour?

**Mr. Dyment:** The maximum speed in some sections would be 80 miles per hour.

**Mr. Tatham:** How about 150 miles per hour? What would we have to do to do that?

**Mr. Dyment:** We would have to rebuild the roadbed. The roadbed we now have and the grade crossings we now encounter would prevent that.

**Mr. McGuigan:** We would have to change the weather in Canada, too, so we could have roadbeds that stand up.

**Mr. Faubert:** It is the freight that beats the hell out of roadbeds, not—

**Mr. McGuigan:** The weather does, too.

**Mr. Tatham:** I have another question. Do we do any advertising in the United States to encourage people to use the rail service?

**Mr. Dyment:** We definitely do. We advertise all our tourism activities heavily in the United States, at sportsmen's shows and to bus tour organizations. We do a fair amount of advertising in the United States and it is relatively successful.

**Mr. Tatham:** What kind of return is there? Is it 10 per cent or 20 per cent; how many people come up from the United States?

**Mr. Dyment:** About 40 per cent of the Polar Bear Express excursion traffic is American, and something like 80 per cent of the Goose Cam participants are Americans. It is working.

**Mr. Tatham:** Do we do a fair amount of advertising, say in the northern United States, come up to the Dakotas? I have talked to people who come from the Minneapolis area and they wondered what we are doing in northern Ontario because they think it is such a nice place. Of course, they want us to spend money, so they can go up and back about three or four days. I just wondered if there are any dollars being spent to encourage people from the Minneapolis area.

**The Acting Chairman:** The Ministry of Tourism and Recreation move on that more than your ministry.

**Mr. Dyment:** Yes; and we also participate in sportsmen's shows as well.

**Mr. Faubert:** I have a supplementary on that. I tried to get to Moosonee this fall and found it next to impossible. I understand you cut it off at a particular time; it seems to me in the fall. I could not get the reservations. It did not seem to be a particularly heavy travel time of year to get from Toronto to North Bay and North Bay—there is a gap in the line, somewhere up around Cochrane is it? The train does not go through.

**Mr. Dyment:** Yes, it does.

**Mr. Faubert:** Do you not have to transfer to a bus?

**Mr. Dyment:** No.

**Mr. Faubert:** I thought the line was down this fall.

**Mr. Dyment:** No. The excursion train that caters to the Moosonee-Moose Factory experience runs only in July and August.

**Mr. Faubert:** Yes.

**Mr. Dyment:** But the regular Moosonee train runs year-round.

**Mr. Faubert:** Okay, so that is probably what the problem was.

**Mr. Black:** Trying to get on at Scarborough was your complaint.



**Mr. Faubert:** No, it was not. We have a couple of nice stations in Scarborough.

It only runs in July and August?

**Mr. Dymont:** That is the excursion train; the regular Moosonee train runs year-round.

**Mr. Faubert:** It may have been a lack of communication or understanding of what we were trying to get, because I would have gone up in the fall on that—

**Mr. Dymont:** The regular excursion train is one that runs up and back in a day.

**Mr. Faubert:** If I go up, I would want to go up or about four days.

**Mr. Dymont:** We run the regular train three days a week and you can go up for any combination of days year-round.

**Mr. Faubert:** That is good to know. Thank you.

**The Acting Chairman:** Any further questions? I gather we are still on vote 2801.

**Mr. McGuigan:** I have never taken that trip, but I have talked to people who have. The complaint I have heard is the lack of accommodation at the other end. Has any thought been given to improving that and promoting the whole tour?

**Mr. Faubert:** They told me if I got there they would find me a bed.

**The Acting Chairman:** Is this something that is within your mandate, the accommodation at Moosonee?

**Mr. Dymont:** Yes. We are not the current provider, but we are undertaking studies to determine just what the accommodation needs are in Moosonee. It is one factor that is limiting the sale of our train. We are looking to maybe build something.

**The Acting Chairman:** Thank you. Are there any other questions on vote 2801? Do you feel we should devote all of the rest of the time to the one vote and then deal with them all?

**Mr. Pouliot:** I think I have a very relevant question for the minister. The minister will no doubt be aware of the efforts of both Leo and Penny Trottier of Nakina regarding raising and marketing chickens in northern Ontario. I have talked both privately and publicly about their endeavour, really for the past three and a half or four years.

You have a couple here that has adhered to every criterion, attended every meeting, all the way from Burlington; met with the Ontario Chicken Producers' Marketing Board, met with the Premier, met with yourself, met with the Minister of Agriculture and Food (Mr. Riddell),

and each and every time were given assurance and encouragement; yet we still do not have one quota for northern Ontario when it comes to the production of chickens.

I understand they have a proposal that is crossing your desk that is reasonable and feasible. They would like to know—I take advantage of this forum—what your answer is regarding the Trottier proposal from Nakina.

**Hon. Mr. Fontaine:** In answer to the member for Lake Nipigon, not only did Leo and Penny go through many, many trips, but our ministry and the Ministry of Agriculture and Food went to bat. We finally convinced the board to have some quotas for the north, but they have to buy those quotas.

We made a study for a processing plant. We used a big centre like Thunder Bay or Sudbury, and it showed it was not feasible. That money then came only from the Trottiers. I do not think they put too much money in it. I think most of the money came from some grants. They are in front of the heritage fund board right now for \$1.6 million; but on the other side they themselves have zero to put in it. I am talking about—

**Mr. Pouliot:** Does it not strike you as ironic that while the people of the north consume one tenth of all the chicken that is consumed in Ontario, we have never to this day had a chicken quota for northern Ontario? Does that not strike you as strange? You have a chance to put your best foot forward and rectify what is really an injustice.

**Mr. McGuigan:** We do not have any gold mines in the south, either.

**Hon. Mr. Fontaine:** Madam Chairman—

**Mr. Pouliot:** You are making a lot of money out of the gold mines of the north. What we are asking is that some of that money come back. That is all we are asking. You have an opportunity here to render justice by making it possible for the Trottiers to supply the local market.

**The Acting Chairman:** Let the minister respond to your question on the policy point.

**Hon. Mr. Fontaine:** A recent policy change by the Ontario Chicken Producers' Marketing Board allows for the immediate movement of quota by a purchaser to anywhere within the province provided a willing seller of quota can be found. This is a change in the policy.

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**Mr. Pouliot:** The chicken marketing board, with respect, is a cartel, a monopoly. It is a black eye, an embarrassment for the government. It has

never listened to the needs of the north. There has never been a quota allocation for northern Ontario, which has nine tenths of the territory and one tenth of the consumers. You have a chance to rectify this by offering assistance through the northern Ontario heritage fund for the Trotters to buy into the system. Will you or will you not give serious consideration to their proposal, minister?

**Hon. Mr. Fontaine:** First of all, I am only the chairman of that board. In any business venture, people need equity. Without equity, it would be very hard to sell the board on giving a 100 per cent grant.

**The Acting Chairman:** If there are no further questions, can we proceed to deal with the votes on the items? Shall vote 2801, items 1 to 8 carry? Carried.

**Mr. Pouliot:** On a point of order, Madam Chairman: I would like to have indicated to me how many hours are left in these estimates. The reason I am asking is we have several colleagues who have indicated a need to address the committee. They would like to address the report, the leadoff from the minister.

I also have several questions on vote 2801.

**The Acting Chairman:** I am sorry; I thought I had asked. I did not realize you still had additional questions.

**Mr. Pouliot:** Yes; I have many, many questions on vote 2801.

**The Acting Chairman:** Okay. With the permission of the committee—

**Mr. Black:** You did indeed ask, Madam Chairman. He must have been thinking of something else.

**The Acting Chairman:** Does the committee give consent to revert to questions on vote 2801? All right. When the clerk comes back, we can find out how many more hours are left.

**Mr. Pouliot:** You are most gracious, Madam Chairman. On page 12 of the briefing book, item 1, main office, 1987-88, the estimate was \$1,067,000. The proposed change for 1988-89 is \$2,074,000, which is an increase of \$1,006,000, almost a 100 per cent increase. Could I have some details, please?

**Hon. Mr. Fontaine:** I would like permission to have my deputy minister answer this question.

**The Acting Chairman:** Please do.

**Mr. Smith:** You are talking about the main office, the \$2,074,000. The increase is \$1,006,000.

**Mr. Pouliot:** Yes.

**Mr. Smith:** The increase relates as follows. Let me just make sure. First of all, was there an relocation money in the main part of that?

**Mr. Pouliot:** No.

**Mr. Smith:** In 1988-89, full funding was budgeted for the minister's office. During 1987-88, the Premier was the minister at the start of the fiscal year. The Minister of Northern Development and Mines was the Premier. Later on in the year, the minister and his parliamentary assistant, the Minister of Mines (Mr. Conway)—I guess we are just dealing with northern development here. Does it include the Minister of Mines and the parliamentary assistant?

Interjection.

**Mr. Smith:** It does not. So this means in 1988-89 we have full funding for the minister's office and there was partial funding the previous year. That accounts for \$326,900 in that amount. Sorry, the \$326,900 refers to the minister's part of that, and \$81,800 is accounted for by the full funding for the parliamentary assistant's office.

The office of the French-language coordinator was created as part of this office as well. That cost is \$154,000. In addition, we have also included under main office the audit services branch. This has been created as part of the ministry's move to Sudbury. We have to have our own branch; previously we did not. That is \$307,000.

**Mr. Pouliot:** Would I be right in assuming that most of those items are streamlining, a one-shot deal. For instance, next year when we look at the actuals for this year—not the actuals but the estimate of \$2,074,000 for the main office—we will have perhaps an increase in keeping with the rate of inflation and other components, but nothing of this magnitude?

**Mr. Smith:** That is correct.

**Mr. Pouliot:** Therefore, obviously, we save money by having the Premier assuming both portfolios. Am I right? You cannot say this; can I say this? Obviously, the figures speak for themselves.

On the other hand, the minister is no longer the Minister of Mines. Who is the Minister of Mines? Oh yes, the government House leader is also the Minister of Mines. Sometimes I fail to recognize a true miner when I see one.

Under vote 2801, item 3, information services, your 1987-88 actual was \$870,000. The estimates were \$1.1 million; you did not spend that. You are now suggesting about a 90 per cent increase, with \$1.552 million. Would you kindly



temize vote 2801, item 3, information services, please?

**Mr. Smith:** In part this relates to the relocation to Sudbury. As I indicated, before the policy of the move to Sudbury was announced, the ministry had been drawing a fair number of what we call its administration services from the Ministry of Transportation and Communications, now the Ministry of Transportation—and also from the Ministry of Natural Resources. When the decision was announced that we would go to Sudbury, we began to create a complete administrative branch within our ministry so that we could give proper service once in Sudbury. We have been expanding some of our services, including information, in advance of the move to Sudbury so that the function will be mature at that time.

I understand the bulk of what I just said will be explained by this. The increase is \$403,500. That primarily relates to an increase in the complement of the branch by six people. It went from 11 to 17 people.

**The Acting Chairman:** Is that a transfer from the Ministry of Transportation and Communications and other ministries then? Is there a corresponding decrease there?

**Mr. Smith:** I am not sure what they have done to those ministries. We were given the additional positions.

**Mr. Faubert:** They are negotiating with Management Board of Cabinet.

**Mr. Smith:** Management Board of Cabinet certainly thinks there ought to be a decrease in those ministries, but it is really between them and the Management Board. That is certainly the philosophy behind it. These services are now being provided directly from within our ministry, opposed to coming from another ministry. It is transfer.

**Mr. Pouliot:** So 11 jobs left the south and they came 17 by the time they reached Sudbury. We have long been supporters of more jobs, more government participation in the north.

Vote 2801, item 5, financial services: In this case, it exceeds 100 per cent from the actual 1988-87 financial services, to \$1.739 million.

**Mr. Smith:** Right. In part, the same explanation applies. Some \$439,000 was an increase in the activity of the branch related to achieving independence as a complete financial unit. Some \$35,000 was for the financial systems project, which was the establishment of our own internal accounting and financial control system, which had been done for us by the then Ministry

of Transportation and Communications up until that time. Some \$35,000 was for salary awards and employee benefits.

**The Acting Chairman:** May I ask how many employees there are in the ministry?

**Mr. Pouliot:** Salary awards? Can you please explain to me what that means?

**Mr. Smith:** This was to recognize higher salaries and employee benefits from the previous year. It is just the general civil service pay increase within that branch.

**Mr. Pouliot:** So with the rate of inflation, I do not know what those distinguished people got. I assume we are not talking about a merit increase. The terminology confuses me a bit. When you say "salary awards," I sometimes assume that it is up and above the rate of inflation or the general wage increase.

**Mr. Smith:** That is the renegotiated contract, which is basically rate of inflation.

**Mr. Pouliot:** Okay, thank you.

One last item under vote 2801 and perhaps a brief comment. In the spirit of achieving their "independent system development service"—this is astounding—1986-87, \$149,000. We are asking the taxpayers of Ontario, under systems development services, to go from \$150,000 to \$1,941,000. The taxpayers of Ontario want to know why, Mr. Smith.

1750

**Mr. Smith:** This is a significant amount of money to establish a computerized communications system within the ministry. We feel that is justified, because the ministry is far-flung, as you know, across some 26 offices throughout the province; with the computerization of the mail system—electronic mail, they call it—we will be able to process requests from the public for information, action, service and so on a lot more quickly. It does involve some higher up-front costs, but we think in the long run the costs will be justified and the service to the public will be improved.

**Mr. Pouliot:** I am just wondering if wisdom really prevailed in terms of amortization over previous years. I know we cannot have it eight different ways. We welcome necessary expenditure. We, the opposition, are always asking that more be done, but I am also concerned. This government fits the analogy of the proverbial drunken sailor, if you insist. Perhaps it stems from the fact, Mr. Smith, and I know you cannot partake in this—

**The Acting Chairman:** Perhaps your comments would be better addressed to the minister than the deputy.



Interjections.

**Mr. Pouliot:** They are very accurate. Financial management is not the forte, by tradition, of any Liberal government. They have difficulty counting sometimes, and I am very concerned when I see taxes coming from the north.

Nevertheless, on vote 2801 I have no more questions for the time being, except that the amount to be voted goes from \$5 million actual—the estimates in 1987-88 were \$2,938,000; the actual for 1986-87 was \$5,243,000. What we are asking the taxpayers for here is \$14,352,000. I am sure my questions were warranted and the point should be well taken.

**The Acting Chairman:** I understand from the clerk that there are about five hours of estimates left. Do you wish to retain the opportunity to question on vote 2801 on another occasion should other members be here, or do you wish to take a vote on that and then we can move to adjourn?

**Mr. Pouliot:** With respect to other members, they may wish to be somewhat more meticulous or just to have their questions en passant. Therefore, I do not see the necessity for a vote at this time.

**Mr. Black:** Would it be in order for one of these government members to ask a question at this point?

**The Acting Chairman:** Yes, Mr. Black.

**Mr. Black:** I wonder if we might look at vote 2801 and ask this question. There are some very significant increases there, but it seems to me that most of those increases are tied into three different areas: the provision of modern computer services for your ministry; the additional expenses involved in a relocation of the government offices to northern Ontario, which it seems to me all three parties would support; and the fact that this ministry is now no longer funded through the Office of the Premier.

Is it safe to suggest that what appear to be significant increases in this area are in fact not significant increases but merely a reflection of a direction I believe all three parties would support without question?

**Mr. Pouliot:** Madam Chair, a comment on—

**The Acting Chairman:** Let's get an answer to the question first. I am sure the answer is yes.

**Mr. Smith:** The increase in the estimates some \$7.3 million; \$6.2 million of that is related to the relocation to northern Ontario.

**Mr. Black:** And the balance of it is computer services and—

**Mr. Smith:** I have included in that some of the computer services, because we think they will be more necessary to our operation when we are in the north. Another \$400,000 is related to the funding of a minister and parliamentary assistant—

**Mr. Black:** If I could just clarify, just for my own satisfaction here and so Hansard will accurately reflect what is happening within the ministry: The bulk of the increases which Mr. Pouliot referred to earlier can in fact be credited to those three initiatives?

**Mr. Smith:** Yes, sir.

**Mr. Black:** Thank you very much.

**Mr. Pouliot:** My comment for the minister is that our party welcomes any expenditure, but it is only a normal reaction when you see differences and discrepancies, of this magnitude that it is our collective duty that they be scrutinized. This was the focus of my comments, and certainly not in any way to take away from the economic injection this amount will generate up north. We welcome that, of course.

**The Acting Chairman:** I think we were aware that was the purpose of your question.

**Mr. Black:** I hope that is the case, because we would hate to think the official opposition is opposed to the attempts of this government to strengthen the economy of the north.

**The Acting Chairman:** I do not think there was any suggestion of that. I think the critic for the opposition was exercising his mandate to criticize and scrutinize the minister's estimates, and the answers have now been received. Having got to that point, and no more questions on 2801, I sense that you want to remain on 2801 rather than have a vote.

I would like, on behalf of the clerk, to make a couple of announcements before we adjourn with respect to the next meeting, which I am told is to be on Monday, February 13, after routine proceedings, assuming the House is sitting, and then again on Tuesday at 2 p.m. on Bill 162.

The committee adjourned at 5:56 p.m.

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**Monday, February 6, 1989**

**Estimates, Ministry of Northern Development and Mines**

**Adjournment** ..... R-756

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

**Chairman:** Laughren, Floyd (Nickel Belt NDP)

**Vice-Chairman:** Wildman, Bud (Algoma NDP)

**Black,** Kenneth H. (Muskoka-Georgian Bay L)

**Brown,** Michael A. (Algoma-Manitoulin L)

**Dietsch,** Michael M. (St. Catharines-Brock L)

**Grier,** Ruth A. (Etobicoke-Lakeshore NDP)

**Marland,** Margaret (Mississauga South PC)

**McGuigan,** James F. (Essex-Kent L)

**Stoner,** Norah (Durham West L)

**Fatham,** Charlie (Oxford L)

**Wiseman,** Douglas J. (Lanark-Renfrew PC)

### **Substitutions:**

**Faubert,** Frank (Scarborough-Ellesmere L) for Mr. Dietsch

**Harris,** Michael D. (Nipissing PC) for Mrs. Marland

**Pouliot,** Gilles (Lake Nipigon NDP) for Mr. Laughren

**Velshi,** Murad (Don Mills L) for Mr. Brown

### **Also taking part:**

**McClash,** Frank (Kenora L)

**Clerk:** Mellor, Lynn

### **Witnesses:**

#### **From the Ministry of Northern Development and Mines:**

**Fontaine,** Hon. René, Minister of Northern Development (Cochrane North L)

**Moorhouse,** Don E., Regional Director, Northwest Regional Office, Regional and Community Development Branch

**Dyment,** Peter, General Manager, Ontario Northland Transportation Commission

**Smith,** Brock, Deputy Minister











# Hansard

## Official Report of Debates

### Legislative Assembly of Ontario

**Standing Committee on Resources Development**  
Estimates, Ministry of Transportation

**First Session, 34th Parliament**  
Wednesday, February 22, 1989



Speaker: Honourable Hugh A. Edighoffer  
Clerk of the House: Claude L. DesRosiers



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# LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, February 22, 1989

The committee met at 3:15 p.m. in room 151.

### ESTIMATES,

### MINISTRY OF TRANSPORTATION

(continued)

**Mr. Chairman:** We are here hopefully to complete the debate on the expenditure estimates of the Ministry of Transportation. There were about three hours left in the time allocated to us. There was some discussion among the critics that around 5:30 we put all the votes to the committee, because of our votes in the chamber at 5:45. Is there an agreement on that with the critics and the members?

Agreed to.

**Mr. Chairman:** All right. We shall do that. There has been distributed to members of the committee the agenda, as up to date as we can make it, on Bill 162 and the hearings, and all the groups that can be considered a wait list for the Bill 162 hearings, because we were getting a lot of questions about that.

I think members agreed that next week we deal with Bill 162 all week and then the following week, if the Legislature is not in session, we start the regular hearings on Bill 162 as they were previously scheduled.

When we adjourned the estimates, we adjourned on vote 3701. My suggestion to the committee would be that we allow a fairly broad-ranging debate, rather than restricting it by votes. Is that appropriate?

The hearings are open. Who wishes to go first? Mrs. Bryden.

**Ms. Bryden:** This is the first opportunity I have had to deal with urban transit in estimates with the minister. I think it is a very timely opportunity, since the subject is very much in the news these days. The Ontario Good Roads Association, of course, focused on one particular aspect of it, but there are many other stories in the papers these days about traffic congestion, GO trains and Gray Coach buses. So we have lots to talk about, Minister, and I welcome you back to the House and the committee after your recent visit to the hospital.

I have not been in Transportation estimates until now, and in our party we have split the portfolio between urban transit and other kinds of transit. I gather that, in the past sittings of this

committee, you have dealt with a wide-ranging critique of the whole transportation field, including some matters of urban transit.

Since this is my first appearance at the committee, I would like to do a sort of leadoff on the urban transit question, if that is an acceptable way of starting to state what I think are the issues. I hope you will respond, and then perhaps we can go into it. The member for Lanark-Renfrew (Mr. Wiseman), the PC critic, would also like to have a say at some time fairly early after my submission, so I will keep my submission to about 20 minutes, and we can have general questioning in whatever time is left, if that is agreeable.

The story of transportation policy for the greater Toronto area demonstrates the aptness of the old saying, "The more things change, the more they stay the same." The present government's major contribution to the subject to date is the study and associated material issued on May 24, 1988, which came out, as I am sure all of us recall, under the title, Transportation Directions for the Greater Toronto Area.

The reporter who at that time referred to the study as a new bag of old tricks was dead on. It is the same old mishmash of confused objectives and contradictory policies that we have been getting from Transportation ministers for as long as I can remember, and I have been in the House for over 13 years.

The only consistent element in the study, as in previous studies and announcements, is an underlying push for continuing urban sprawl—not that the study is bereft entirely of good ideas. Clearly, it is necessary to increase the capacity of the Yonge subway; to extend the Spadina subway, even by the picayune amount now proposed by the minister; to provide a dedicated busway in Mississauga; to apply state-of-the-art technology to enhance the capacity of existing thoroughways, and to get on with Highway 407 so that through traffic can bypass Metro.

However, it would be desirable if higher priority were given to the completion of Highway 407, at the expense of north-south routes like Highway 404, which merely feed more unwanted traffic into Metro. At the same time, these commendable features are isolated and not very

original items in a larger counterproductive strategy.

1520

One suddenly encounters the following pious statement on page 14 of Transportation Directions for the Greater Toronto Area: "All of the immediate initiatives being proposed are targeted at promoting the city centres and subcentres. They provide the opportunity for GTA residents to live close to their workplace."

In actual fact, the plain result of these immediate objectives will be to herd more and more people into downtown Toronto and, at the other end, to spread the dormitories farther and farther afield. Let us consider the implications of these "immediate initiatives."

The initiative on which the greatest stress is laid is the upgrading and extension outward of GO Transit. I believe GO Transit is a great idea, and the development of commuter transit through a publicly owned company is what we definitely welcome, but GO Transit was used really as an aid to further urban sprawl in the early years.

It was not accompanied by any attempt to limit the size of lots on which houses were built, to limit the amount of land that could be used for any one lot or to tie in the use of GO Transit with housing for the thousands of people who live in Toronto but are not able to find the kind of affordable housing that they want outside.

It has been used mainly to help developers sell subdivisions in the exurbanite area. As a result, we are faced with a very serious problem of urban sprawl and overextension of municipal services, or the need to extend services far beyond what they should be in terms of the cost factors for fairly high-priced houses in many cases.

The Metro Toronto planning department also is concerned about the proposals in the minister's Transportation Directions which affect the central transportation issues. In its recent report, under the title of Central Area Transportation Issues, the planning department in Metro said, "Continued reliance and expansion of the GO rail system will promote low-density residential development in outlying areas and could thwart any efforts at residential intensification within Metro and, in turn, exacerbate declining ridership in existing infrastructure, notably the TTC subway system."

This is a recent report, released in 1988. The report complains about the limited input Metro has into GO planning and goes on to recommend that "official-plan transportation policies be structured to promote office employment growth in the regional centres and limit the extent and

growth of the GO commuter rail system." What they are concerned about is that the drive and push for more GO Transit is working at counterpurposes to the attempt to develop the centres of regional employment that has been part of the Metro planning department's objectives.

The change in the housing situation in Toronto has put a new dimension on the need for GO Transit and for GO commuter rail. Mind you, I think the solution to the housing crisis in Toronto and the lack of affordable housing should not be simply to tell people, "You must go farther and farther afield if you want affordable housing." That is virtually what the Premier (Mr. Peterson) and many other planners, including the Ministry of Housing, have said, but we need GO Transit now for all the people who have been forced out of the city.

We need to make it more efficient and to make its timetables more satisfactory for people who work in the city of Toronto, but we should not be using it to continue to develop urban sprawl in areas outside the greater Toronto area. There should be more integration of its activities with Metro planning and greater Toronto area planning.

I am not attacking the idea of GO Transit. I think it is an admirable concept, but we must make sure that its further development is changed to jibe with the need for intensification of use of land in the Metro area and helping people find employment and housing in the greater Toronto area, but not all in downtown Toronto.

In fact, GO Transit now is really bypassing the city centres and subcentres, both within Metro and in the adjoining greater Toronto areas. The so-called gateways will intensify this process. No doubt they will become minor modules of local development, as Transportation Directions claims, but their major function will be to service transfer points for commuters invading downtown Toronto. As Mayor McCallion has complained, the ministry seems intent on turning Mississauga into a huge parking lot for these commuters. The same could be said of the other adjoining municipalities.

Two disastrous consequences are inevitable if this wrongheaded policy continues. First, the pressure to Manhattanize downtown Toronto will continue and probably intensify. If an ever-expanding workforce can flood into the central core, the main incentive for office development will continue to focus there, notwithstanding unctuous utterances in Transportation Directions about people living close to their



workplaces. It is now almost impossible for a person of medium income to find affordable housing inside the city of Toronto. They have to get into the city, but they should not all be brought to downtown Toronto.

The recent city election in Toronto does give some hope that the mindless overdevelopment of the central city in the past several years will be, not halted, but perhaps curtailed. It is too much to expect, however, that a municipal council will have more than limited success in offsetting directly contrary policies by the provincial ministry.

The second disastrous consequence that has come from this ministry policy of promoting so much out-of-Toronto development and a great deal of urban sprawl is the question of the loss of our very valuable agricultural farm land. It is replaceable. An organization called the Association of Peel People Evaluating Agricultural Land, which is a band of volunteers struggling valiantly to save our irreplaceable farm land in the face of provincial and municipal counter-policies, has noted that 37 per cent of all the class 1 agricultural land in Canada can be seen from the CN Tower. Soon there will be little of it left to see, if present policies continue. No one is benefiting from these policies but land speculators and developers.

Admittedly, those worthies have been our major financial contributors to the parties forming both the previous and present provincial governments. That may be an explanation of the perverse greater Toronto area transportation policies; that is, GO and other policies supported by the ministry, such as the Leslie Street and Bayview extensions.

530

While I deplore the policies under both this government and the predecessor Progressive Conservative government which have led to mostly urban sprawl, I recognize that the current crisis in affordable housing in Metropolitan Toronto has changed the situation radically. Today, GO Transit lines and rail and bus lines to the east, west and north are overloaded due to thousands of Metro residents being forced to find housing outside of Metro Toronto.

The overloaded lines must be augmented and extended where necessary. They must be made more efficient and they must have interconnections with other lines going in those directions. There must be adequate parking lots where they meet the traffic and become available to the people in the outer areas.

An example is the urgency of immediately extending GO Transit to Oshawa, as was promised by the Premier in 1985, presumably as an election promise.

**Mr. Black:** No.

**Mr. Dietsch:** Furthest thing from the truth.

**Ms. Bryden:** I understand it is now looked at as a possibility for 1991.

I hope that these new and augmented lines will service new housing developments which are affordable to middle-income groups and which do not occupy huge lots and do not produce a continuation of urban sprawl. It is up to the planning authorities at both the provincial and municipal levels to ensure this.

To top it off, the province's principal aim with regard to transportation inside Metro Toronto is apparently to finance so-called road improvements such as the Front Street, Leslie Street and Bayview extensions.

The effect of this will be to encourage even more cars to come into the already congested downtown area. I just read in the paper the other day that the people up north are even complaining about the downtown congestion in Toronto because of the fact that it slows down the trucks and transports that bring things like auto parts and all sorts of necessary equipment that is needed in the outer areas in their businesses, just getting the parts or the equipment needed on time, so downtown congestion in Toronto is not just affecting Torontonians.

On the other side of the coin, the Sheppard Avenue subway appears to have been put on hold indefinitely in Transportation Directions. It is true that they say they will make sure the land is secured, which means that we will not build great barriers in front of it and whatever provincial land is there will be held as provincial land, but the Sheppard Avenue subway is one of the most immediate needs in order to provide all the people who are moving up into North York and Etobicoke and north of Scarborough with connections to other public transportation.

We do not want flexibility in transportation planning which simply promotes urban sprawl and funnels cars into the downtown at the expense of the subcentres, which Transportation Directions tells us the province is anxious to encourage. We want flexibility in planning which will put much greater emphasis on public transportation of all kinds.

Provincial subsidization of the Toronto Transit Commission, for example, is at the lowest rate of any public transportation system in the province. It is well under half the rate for the GO system,

which in itself speaks volumes about the government's priorities. If the province were really serious about its declared objectives, it would bring up the rate of subsidy to the TTC to be equal with that given to GO riders. It would thereby prevent the annual escalation of fares and perhaps even help bring fares down.

The stress should not be on the cross-border transportation to which Transportation Directions is so committed, but on maintaining and developing efficient systems of public transit within the greater Toronto area regional municipalities. How else will it be possible to achieve the declared objective of Transportation Directions?

**Mr. Chairman:** Excuse me. Not only are the bells ringing but, perhaps more important, members are leaving.

**Ms. Bryden:** Are you sure it is not a quorum call?

**Mr. Chairman:** No, it is a vote on a couple of bills, I believe. There is no time frame given to the committee for the bells to ring. I suspect it is not going to be a long bell, so I think we should adjourn now and commence again as soon as the vote is over.

The committee recessed at 3:35 p.m.

**1615**

**Mr. Chairman:** When we adjourned, Ms. Bryden was in full flight. An agreement has been reached that Mr. Wiseman will speak next.

**Ms. Bryden:** I have about 10 or 15 minutes more of my lead off statement, but in view of the fact that Mr. Wiseman has to catch a train shortly, I would like to yield the floor to him now, assuming I can come back afterwards.

**Mr. Chairman:** Is it agreeable to the committee that Ms. Bryden is yielding the floor to Mr. Wiseman and then we will let Ms. Bryden finish?

**Mr. Dietsch:** I was looking forward to Ms. Bryden finishing, but I guess it is okay.

**Mr. Wiseman:** I would like to take this opportunity, first, to thank the minister and his staff for the delegations that I had at the Ontario Good Roads Association over the last two days. I just hope that when it comes to looking at the proposals that were given they say yes, because many of those municipalities are really in need of new bridges or roads. Most of these are in small municipalities.

I think that good roads are on our minds, and the fact is the municipalities were practically flat-lined in most cases, or if not flat-lined, given a one per cent or two per cent increase. Knowing that inflation is now hitting close to four and a

half per cent, it is really flat-lined or below. When you talk to some of the rural delegations, I am sure the minister had lots of time to talk to them—there seem to be some pretty good price out there for blacktopping, particularly in eastern Ontario.

Most of the costs of blacktopping have been the \$50-a-tonne range and, in some cases, it is considerably less than that, as much as \$20 a tonne less. A lot of the townships' maintenance goes on grading, granular base and one thing or another. I just think it would make good business sense if the ministry could find some money to let them surface some of these roads and perhaps, if the base of the road is good, give them a good base that might save on their maintenance for maybe the next 15 to 20 years.

We may not see—I hope we do—the price of oil which goes into the hot mix, quite so reasonable in the future as it is at present.

**1620**

I asked, as did Ms. Bryden—perhaps you can answer when you are answering her question regarding what the mayor of Mississauga has said and so on—when we were getting into the domed stadium and how it will affect downtown Toronto parking, movement of transit and this sort of thing, if the minister had an update on what will take place prior to the opening. I am thinking of entrances into the dome, feeder lines into that area that are not presently operating, that might bring passengers from the north end of Toronto without bringing their cars all the way downtown.

A lot of people are concerned. Shortly after we spoke of this before, I heard the mayor of Mississauga objecting, as I say, saying we were going to use her municipality as a parking lot. I would like to hear what we plan to do to ensure that it is not a real hodgepodge down there where it does open up.

One of our colleagues from the Ottawa area is not with us at present, but I did ask about Highway 416. As I recall—I think I am right; if I am not, correct me—Highway 416 was on schedule as it had been set out in the past. There seems to be a misunderstanding—maybe it has been cleared up in the last few days—but some of the regional people are still upset about Highway 416 and feel it is not on schedule. I would like to ask the minister, in his reply to my question on Highway 416, if something has happened since we last met, that it maybe has been set back or slowed down or something since that time.

Again, there are a lot of people concerned about Highway 417 continuing. I hear on the



radio every morning from members other than myself that they would like to see that go on. I wonder if any further consideration has been given to extending it a bit farther, knowing full well that you have put the two passing lanes in here, and if there is some money, maybe, in the new budget to make improvements along there or extend Highway 417 up a little farther.

There is also a problem in Renfrew that has been an ongoing problem. The mayor has asked me to bring it to the attention of the minister and the ministry again. That is the entrance off Highway 417 into Renfrew. It is a lighting problem. One of my offices is in Renfrew. I do not think I am stretching it at all to say that at least once a month I see a minor accident there. I guess there have been some that are not so minor. The mayor has written to the minister quite recently, and copied the member for Renfrew North (Mr. Conway) and myself, asking that we have another look at that intersection with the idea of improving the lighting. Some lighting is there but it is quite dark.

Those are some of the things I would like to see. I will probably read them in Hansard, because maybe the minister will not get a chance to reply before Ms. Bryden gets back on again, but if you do have time now, I would appreciate it. If not, I will read it in Hansard. Those are some of the concerns I have. I do not want to take up a lot of time. It is just to have them clarified.

**Hon. Mr. Fulton:** The deputy has already made reference with respect to the lighting at the intersection in Renfrew. We will certainly take it into consideration and see how we can assist. There is a safety problem there, then certainly yes.

**Mr. Wiseman:** I do not think it is a big expense, but it is a problem.

**Hon. Mr. Fulton:** Notwithstanding the expense, we will certainly look at it as a highway safety requirement. If it is something that should be done, we will see it gets done. I do not know when we can report back to you, but we will move along with it as quickly as we can. We will certainly respond to the member for Renfrew North and the mayor of Renfrew.

With respect to Highway 416, nothing has changed. There is some level of rhetoric in certain parties around Ottawa and others, but nothing has changed in our scheduling regarding Ottawa to Century Road, about 21 kilometres. We are on schedule. We have announced the funding plan. There is money being spent this year. It peaks in 1992 at \$58 million. I think that is a substantial commitment. We are on track.

We have indicated both in the House and elsewhere that we have a desire to see that four-laned completely down to Highway 401 in the area of Prescott. We will move along with that as expeditiously as we can.

Nothing has changed. I think there has been—the deputy can correct me if I am wrong—some additional input from the Ottawa-Carleton region, the municipal people, that could, if the requests were to be met—I guess it has to do with the interchange and transitway. Of course, there is a massive amount of work with the intersection of Highway 416 and the Queensway. That could delay it, but that has not taken place. As far as the ministry and the government of Ontario are concerned, we are on schedule. I fully expect to maintain that schedule.

**Mr. Wiseman:** I said to them when they talked to me that you had mentioned that in your estimates. They still did not think that would—somewhere communications are not clear. I do not know how the dickens you would make that clear.

**Mr. Hobbs:** Mr. Wiseman, I think it is fair to say that people in the area would like to see the work accelerated. As the minister has indicated, we are on schedule. It is a big job, but there is a desire to see it accelerated and a commitment on timing in terms of the portion from Century Road south to Highway 401.

As to what we are going to be doing, in terms of the portion from Century Road south to Highway 401, we have all the property we need. We looked after that some time ago in terms of four-laning. What we are going to try to get on with is an early gearing up for the environmental assessment report that is required to get on with that section to try to sort out how we might fund it in terms of any sort of accelerated scenario. Right now, with the money, it is tough but we are going to gear up so we are in a position to be able to do that.

**Mr. Wiseman:** Could we go on with Highway 417? Is there any update on that?

**Hon. Mr. Fulton:** Yes. You were at the Ontario Good Roads Association convention and you would be very much aware of the pressures all across the province from all the municipalities. We certainly will address Highway 416 with as much haste as we possibly can, as we have to and are trying to do with a number of the other priorities you have heard about in the last few days and have heard about previously in different forums.

We are carrying on Highway 417. I think we are four-laning up to Highway 44, if my memory



serves me correctly, as scheduled. This is proceeding, as we had indicated earlier. There are additional passing-lane opportunities, as well, that will be addressed. There have been other intersection improvements and lighting improvements in different locations. As far as we are concerned, we will carry on with that over the longer period.

**1630**

The Queensway is on schedule. You recall we went to Ottawa in the fall of 1985 and announced additional funding for that project, and in fact compressed the construction time by at least one year; that is on schedule. I am not aware of any particular problems there other than, of course, that we would all like all the road work to be done tomorrow.

I think we have addressed the SkyDome issue in Metro here previously. I recall you asked a question with respect to the amount of parking. I suppose depending on where you want to draw the radius around the dome, in about a half a kilometre, I think it is, there is something in the range of 12,000 or better parking spaces available. Of course, there are a lot of feeder lines into Union Station either by the Toronto Transit Commission or GO Transit. There is surface transit in the area.

When your government made the decision to locate the dome at that location, it was expected a great share of the market that would access the dome would be able to do that from its places of work. There is about a 250,000 workforce, and probably higher than that now, generally in what we describe as the immediate area. There are certainly other parking opportunities, when you look at the proximity of the Canadian National Exhibition lands, that would only be out of service for a short period of time. Of course, many of the events at the dome will take place in the off-peak times, often on weekends. I think the schedule of about 205 events is the projected usage annually.

**Mr. Wiseman:** I know approximately how much we committed to the dome for the actual building, but then I have been asked, "How much did we contribute through transportation for upgrading roads or bus connections or whatever to bring people to the dome?" Do we have a ballpark figure on the additional cost, let's say to your ministry? I am sure the city was after some extra money or some sort of assistance for roads or buses.

**Hon. Mr. Fulton:** I am not aware of any very specific dome-oriented projects. There have been things ongoing like the replacement of the

Spadina bridge, which is very close to the ongoing expectation that the Gardiner expressway would be maintained and widened; the Front Street extension. Of course, you will be aware that city of Toronto council has reversed the long-standing understanding that this latter project would likely proceed. It is looked upon as a major relief corridor in and around the downtown core. How Metro council deals with that eventually is entirely up to it, but it is interesting to watch that.

**Mr. Wiseman:** I guess being so close to the Ontario Good Roads Association convention site, and then some of your people, in fairness, having to give the hard luck story that maybe they could only fund part of or maybe none of the projects that come forward and they see a large project like that—this is where it came up, sitting around talking to them and others, that they probably had to put a fair number of dollars in to upgrade that in whatever way.

If we have not done it now, I guess what you are saying is we will maybe have to do it in the future along the main artery to handle the expressway traffic. It may not be upfront costs now, as I understand it, but it could be something that might last for a while. It may have to be upgraded in the future.

**Mr. Hobbs:** I think the direct transportation investment related to the dome is not very large. The minister indicated that the Spadina grade separation, which is being done now, is very close to the dome, but that has been in the works from before the time the site for the dome was selected. In fact, that grade separation has to do with the limited capacity for cars, and also to provide capacity for the Harbourfront light rail transit; that is in terms of tracks coming off Spadina Avenue in any configuration that is going to happen in the future, that was the real driving force. Obviously, there was a desire to get on with it as quickly as possible given the fact that the dome was going to be located there, but it was in the works long before that.

In addition, people talked about the extension of Front Street and the widening of the Gardiner Expressway for quite some time in terms of the sheer volume of traffic that is generated primarily in rush hour, in downtown Toronto and not as a result of the dome. There are going to be some changes made in terms of access to Union Station, and through it to GO Transit at the Toronto Transit Commission. Again, a lot of that is related as much to the opening up of the railway lands and developments south of Union

ation as to the fact that the dome is coming on te.

There is a lot that is going on down there. The dome is only part of it. It is the total development taking place that is driving whatever transportation developments are taking place. In the scheme of things, they are not all that great. I think the Spadina grade separation is about \$14 \$15 million, in that range. It is the totality of the opening up and the development of the railway lands. As I say, the dome is one component of that. As the minister said, a lot of the dome traffic is off-peak.

**Hon. Mr. Fulton:** Perhaps we could be aware that overall in Metropolitan Toronto it has been for 17 years since Metro moved to any kind of road project within its boundaries. Until the LRT comes along Queen's Quay, and possibly whatever happens with Spadina, the extension of the subway with the Scarborough light rail transit is the only other transit project they have undertaken. They have not done anything on roads for a long time. We have a number of these things started. Some of them are under way, but the two big ones for years have been Front Street and the Gardiner Expressway.

**Mr. Wiseman:** The first question I asked was about trying to find some more money for rural roads at a time when it would look as if, down the road, we would save a fair bit of money in our maintenance budget if we were able to blacktop some of these roads, if they are able to take the blacktop. We would get the use of them over 15 to 20 years. I asked if you did not think it was a good time to do it when prices were that way. I do not know how you have found the prices in the Ottawa area, but I find, in talking to a lot of townships, that they have come in a lot lower than they ever anticipated. They are hoping it will be that way again this year. If they have the money they can eliminate a lot of problems. Many of them may have to send their graders to the other side of the township to grade a piece of road. If it were paved, we would not have to do that; run maybe seven, eight or ten miles to grade a small portion that was able to be paved. I know some of them are looking for supplementaries to that.

**Hon. Mr. Fulton:** I think it is fair to say, Mr. Wiseman, that you and I entertained a lot of people this week who were looking for supplementary funding all across the province. I am not sure of the current pricing of asphalt. It is an interesting idea.

**Mr. Wiseman:** One county told me that it put a year ago for \$52 a ton. They averaged \$28 a

ton and were able to do a fairly good section of road on their own, without any assistance from the government, with the savings they had; it was something like a kilometre of road upgraded and paved with the savings they had.

**1640**

**Hon. Mr. Fulton:** It sounds as though the prices are dropping. That is a very substantial decrease they have indicated.

**Mr. Wiseman:** It is. The competition is great.

**Hon. Mr. Fulton:** So we should get more mileage for the same amount of money.

**Mr. Wiseman:** Yes, but I just thought there are a lot of townships, as I say, that are small and need the money in supplementaries or whatever to be able to do this. I think it would be a good business approach, with a saving to the ministry and to the townships if they were able to take advantage of this when prices are down. I hope they stay that way for another year or two.

**Hon. Mr. Fulton:** We certainly hope the prices stay down and benefit all of us, as a ministry and as taxpayers.

**Mr. Wiseman:** They have seen us spend a lot of money on King's highways and so on, and they have a lot of bridges and roads that need to be upgraded. It seemed for a while that they were left and let go, but now we find three bridges in one small township—not all of them having to be done at once, but there is one that even the school bus drivers are afraid of and so on.

There are a lot of problems for little municipalities out there in seeing their budgets flat-lined, or actually having fewer dollars taking inflation into account. I hope to see a little more of the ministry's money go into municipal and township roads.

**Hon. Mr. Fulton:** I think our total transfers last year were \$684 million to municipalities for that kind of work. You would be aware of the enormous backlog of work, particularly in the areas you are speaking about in rural Ontario. I have specifically made a point of touring in some detail. I am spending a fair amount of time in eastern Ontario, in fact across the province. I recall, on one three-day trip, I think 39 different municipalities in eastern Ontario. We have been down there many times since then, but we have emphasized in our funding the importance of bridgework. Of course, bridges do not all grow into skyways. Some of them are often just oversized culverts. You and I would be aware of that.

I think we have done an enormous amount of catch-up work on replacing and repairing bridges



of all descriptions. I even recall, on a very cold, rainy day last fall, opening four, I think, in one day alone and then delivering a grader to another small municipality that same day.

In our supplementary process we really emphasized the need for bridge work, replacement of equipment, whether graders or trucks or whatever, and to some lesser extent things like salt dumps and providing the hardware for the municipalities to do their jobs and do them better and in a more cost-efficient manner.

**Mr. Wiseman:** If I can again relay to you what they said to me, they have been flat-lined on their construction and maintenance. Meeting with some delegations in some of the rooms we were told that even the supplementary budgets had been cut for this year because of help we are giving to education and not roads. It is one thing to flat-line them in those two areas and then to cut supplementaries—

**Hon. Mr. Fulton:** You were not paying as close attention to my speech on Monday as I thought you were.

**Mr. Wiseman:** I was not there.

**Hon. Mr. Fulton:** I brought you a copy of it. We are actually averaging a four per cent increase on maintenance. Flat-lining was on construction, but the maintenance, which we agree is—

**Mr. Wiseman:** Really, if it is flat-lined on one then you know it is actually about a 4.5 per cent decrease, is it not? If you give them 4 per cent you are still not coming up to inflation. Inflation is about 4.5 per cent right now.

**Hon. Mr. Fulton:** Well, it depends. The cost of asphalt has gone from \$52 a ton to \$28 a ton. That is not exactly inflationary.

**Mr. Wiseman:** No, but there are other things we all know they do not get that deal on. I am sure you were at the good roads convention for a while last night too.

**Hon. Mr. Fulton:** You had better believe it.

**Mr. Wiseman:** When the dinner was all over, I am sure you heard some of the weird stories that I did.

**Hon. Mr. Fulton:** I did not hear any weird stories. I met an awful lot of nice people down there who had specific projects they wanted to address.

**Mr. Wiseman:** But they are having problems in trying to balance the few dollars they have.

**Hon. Mr. Fulton:** Ironically, not one of them raised the specific issue with respect to subsidies from our allocations. There are certain specific

projects they wish us to participate in where we are doing those things, but otherwise we had a very successful conference.

**Mr. Wiseman:** Just the bottom line: Try to give them some more money for rural roads. I do not know who splits up the pie, but they are saying to me, "Cut one big project in one of the big centres around here."

**Hon. Mr. Fulton:** Would you like to move the motion and state the project that you would like us not to do in order to achieve that objective?

**Mr. Wiseman:** I could have it on your desk by Monday morning, but I would not want to do it right now.

**Hon. Mr. Fulton:** Would you do that?

**Mr. Hobbs:** The reality of the municipal road fund is that there is about \$92 million spent in Metro, out of \$678 million.

**Mr. Wiseman:** But you know the network you have out there. I know the minister was down in our area last August, or October I guess.

**Hon. Mr. Fulton:** Most recently it was November.

**Mr. Wiseman:** November, was it? You know the conditions of some of those roads.

**Hon. Mr. Fulton:** I have personally driven through all parts of your riding.

**Mr. Wiseman:** We will not be nearly as harsh on the estimates another time if we get some of that money to some of these municipalities.

**Hon. Mr. Fulton:** I was just running through my head some of the projects. Would you suggest that we not spend the \$3.5 million in Carleton Place and address some other issues down that way?

**Mr. Wiseman:** They are rural too.

**Hon. Mr. Fulton:** That is not the major project you have in mind, is it?

**Mr. Wiseman:** I was thinking of some up this way.

**Hon. Mr. Fulton:** I will be interested in what you submit on Monday.

**Mr. Wiseman:** Hans, my colleague over there, will agree that we need all this in eastern Ontario, I am sure.

**Mr. Daigeler:** Absolutely.

**Mr. Chairman:** Thank you, Mr. Wiseman. Back to Ms. Bryden.

**Ms. Bryden:** I have half a dozen topics on which I have specific questions for the minister, so perhaps I can deal with those briefly and then he can, I hope, give us a comment on those



particular items, as well as on my general submission.

The first one is regarding the announcement by Gray Coach that it is discontinuing its Owen Sound-to-Barrie lines and Kitchener-to-London routes on March 5, 1989. We all know that Gray Coach, which is wholly owned by the Toronto Transit Commission, was given exclusive rights over profitable routes many years ago, with an obligation to provide quality service for less profitable and even money-losing routes.

Is the minister prepared to let them abandon his responsibility? Is it in the public interest to return to the chaotic situation of unco-ordinated private bus line operators which preceded the establishment of Gray Coach Lines and produced a variety of standards of service?

In fact, there is the likelihood that the scheduling and connections which will be provided by smaller local private bus lines will not necessarily benefit the residents. The Amalgamated Transit Union, Local 113, which represents the bus drivers employed by Gray Coach Lines, has submitted two very good briefs stating the impact on its members, on the community in general and on the provision of quality and reliable bus service to the people of Ontario. One was dated February 2 and one was dated February 13.

I am sure the minister has received copies of these submissions, and I recommend that he study them very carefully before he decides whether he has any power to change or to review these abandonments. There is very real fear in the whole of Ontario that the abandonment of these two routes is only the beginning of an end to many of the less profitable routes or to the privatization of operations on those routes.

650

My colleague the member for Hamilton East (Mr. Mackenzie) made a statement in the House last week in which he said: "A large number of well-trained and decently paid drivers and other employees will likely be replaced by much-lower-paid employees. The ability of profitable routes to subsidize less-profitable routes to provide good service and good wages will be lost. There is serious question here as to whether such rationalization, such contracting out in the sole name of increased profits is in the public interest."

I hope you will use any powers you have to review this decision and see that steps are taken to ensure that good bus service is available to these areas and also that you will consider whether you should bring in additional regula-

tions to review each application for abandonment in the future.

I understand the next one that is slated for abandonment is the Toronto-to-Barrie line. Of course, with the Owen Sound-to-Barrie one being proposed to be abandoned, there will be a long stretch of north-south route there that will not have a regular, publicly owned bus service. That is the first question.

The second one—or would you like to deal with that one right now?

**Hon. Mr. Fulton:** I do not have the ability to memorize all of your questions. I do not know whether you want me to try to address each one or try to summarize at the end.

**Ms. Bryden:** If you would like to deal with this one, it would be okay.

**Hon. Mr. Fulton:** It is a very long, detailed question that you have asked, and I do not think I can answer it fully here. I think the principle is the provision of quality, reliable transportation for people across this province. It is a combination of private sector and publicly funded or publicly subsidized organizations that affect that.

We share concern about any abandonment, whether it is bus or rail, which the member for Oxford (Mr. Tatham) has brought to my attention in the House on a number of occasions. We share that, but you would be aware of the enormous pressures the bus industry generally has been under, particularly in the provision of intercity transportation.

They have had very stiff competition from the commuter airlines. You would be aware of the impact of Via Rail's proposed special fare in the Montreal-Ottawa-Toronto corridor and the enormous impact those kinds of fare breaks have on the bus industry. Their passenger counts were down substantially, their revenues were down; that happens across the province.

What we attempt to do is ensure a level of service to the best the industry can provide. Certainly, in the 72 or so public transit facilities that we are involved with in a financial way, we try to maintain that level of service as well.

I was not aware of the specific Owen Sound-Barrie abandonment that you referred to, but the Toronto-Barrie run, it seems to me, from the information I have, is a fairly competitive route, with the Penetang-Midland Coach Lines and Gray Coach vying for market shares all the time. I am not aware that there is a problem of providing service to the transit user. There may be other issues related to that, but I am not aware that there is any special problem.

I would like to take the balance of the member's question under advisement, if I may, and respond to her in a more full and proper manner, because she has asked a very interesting question that I am not able to answer here.

**Ms. Bryden:** Do you have the power to veto? I understand that these two abandonments have been approved by the board that regulates—

**Hon. Mr. Fulton:** I think the powers of ministers are grossly exaggerated. That is why I would want to check within the terms of the Highway Traffic Act or the Ontario Highway Transport Board provisions and see whose interest we would be serving, and if we are going to require a service to be maintained regardless of the financial viability of that service, to what extent, if any, we are prepared to subsidize, in this case a private carrier.

**Ms. Bryden:** The real question is, if you have an agency like Gray Coach Lines, which has been given exclusive use of several routes on the condition that it provide service in the areas that do not have the great demand—

**Hon. Mr. Fulton:** They do not have exclusive routes on the Toronto-Barrie run.

**Ms. Bryden:** I do not know. I understood that the original agreement with them was they got most of the major routes given to them as their mandate, provided they gave service in the other areas which were not as profitable. How are you going to serve those areas which are not as profitable if you take away this requirement that Gray Coach had? Who is going to service them? Would we get private operators in there?

**Hon. Mr. Fulton:** To the extent that Gray Coach is not subsidized by the government of Ontario it is a private operator. I understand there is a very healthy, fairly competitive situation in the areas that you are describing.

**Ms. Bryden:** They are not a private operator; they are now a wholly owned subsidiary of the TTC.

**Hon. Mr. Fulton:** But they are not subsidized by the province. TTC is and many other transit authorities are, but Gray Coach is not.

**Ms. Bryden:** This guarantee, in effect, gives them a number of profitable routes on the condition that they look after the unprofitable ones. How are you going to look after the unprofitable ones?

**Hon. Mr. Fulton:** I am not sure that they are. There may be other reasons, and that is why I have suggested that we take the balance of the question under advisement and respond to you,

because I am not prepared to say yes or no that the statements you have made are factual.

**Ms. Bryden:** I appreciate that. It looks to me as if it is the beginning of privatization of most of the bus routes, and the main criterion will be profitability. I think you have to consider balanced service across the province.

**Hon. Mr. Fulton:** I think that has been the approach by the transit industry and the private carriers. They are providing excellent and up-to-date modern equipment. They are spending enormous amounts of capital on new buses and new equipment as it becomes available. A highway coach is about \$250,000 and up, depending on the level of accommodation and the amenities you want to put into it. Some of those coaches are worth \$600,000, if you want to dress them up. The industry is very conscientious and doing everything it can to retain and develop an even greater share of the market. To do that, it has to provide service and compete with rail or airline service.

**Mr. Daigeler:** And the automobile.

**Hon. Mr. Fulton:** And the private automobile. They are trying to do that. I think we are very fortunate in Ontario and in Canada with the quality of service and the people we have in the industry.

**Ms. Bryden:** I appreciate that you are going to keep an eye on that situation. I am sure the Amalgamated Transit Union, Local 113, and transit riders will also keep you notified of how it is affecting them. Have you met with them?

**Hon. Mr. Fulton:** I thought they were your bodyguards for a minute there.

**Ms. Bryden:** My next question is with regard to the Leslie Street extension and the Bayview Avenue widening. I understand you supported it, or you have not indicated that you do not support it. Transportation Directions does not mention it, but have you talked to the Attorney General (Mr. Scott) about whether it should be proceeded with, since it is a system of bringing more traffic into downtown Toronto by road rather than using public transit, and also encouraging rather than discouraging the excessive development of central Toronto? That is what those two extensions are based on, bringing more people into downtown Toronto by road systems. Do you support that project?

**Hon. Mr. Fulton:** The premise, of course, is that the road, while it may go one way in the morning goes the other way in the evening, and transportation is a two-way effort. I think you will find that on most major arterial roads there is



a pretty substantial volume of traffic going in either direction. Also, there is the movement of goods around the city; we are hitting close to one million truck movements a day in Metropolitan Toronto. You cannot put those on a bus, streetcar or subway. I think we have often overlooked that.

1700

Leslie Street, or the absence of Leslie Street, has been identified for some time by people like, if it is fair to mention Sam Cass and others who are well experienced in the transportation business and respected around the world. They are very credible people. Also Mr. Floyd, who has taken over in Metro, has identified Leslie Street among other connections as being necessary for the future development and handling of the existing levels of traffic and truck movement that we have in Metro.

We have not been asked yet to take a position with respect to the Leslie Street extension. As I recall, there was some question about the widening of Bayview in the area of, I guess either Queen Street or Dundas Street because of the effect of the bridge abutment or something like that; I have just forgotten the exact details.

You mentioned the Attorney General. Of course I always listen to the Attorney General's thoughtful comments, particularly when he has ideas with respect to transportation.

**Ms. Bryden:** They say that when you consent to the widening of an arterial road in order to relieve traffic congestion, what really happens is you increase the congestion, because more and more people are then attracted to that particular route downtown.

**Hon. Mr. Fulton:** I think you have to look to the roads to disperse traffic. You have this tremendous concentration, for example, on the Don Valley Parkway. Obviously, you are not going to create half a million new drivers overnight because you add more road space, because you have added capacity to the overall network; it does not happen that way.

**Ms. Bryden:** Should you not be dispersing the traffic to the centres and subcentres in the greater Toronto area rather than to downtown Toronto?

**Hon. Mr. Fulton:** Would you support the extension of the Scarborough Expressway?

**Ms. Bryden:** No, not the Scarborough transportation corridor that you are talking about.

**Hon. Mr. Fulton:** I am not talking about that. I am just asking you if you were—

**Ms. Bryden:** I have never supported the Scarborough Expressway.

**Hon. Mr. Fulton:** I did not think you had.

**Ms. Bryden:** The thing is, it brings people downtown too. It does not really—

**Hon. Mr. Fulton:** And it takes them home and allows us to get back and forth to recreational pursuits and emergency services. It delivers your furniture.

**Ms. Bryden:** Well, most of those things could be served by public transit rather than—

**Hon. Mr. Fulton:** I would question how you would move consumer goods on the subway, the RT line, the GO train or the TTC bus. How would you move a piano? How would you move baskets of apples out of Beaver Valley?

**Ms. Bryden:** You are not going to eliminate all traffic. We just do not want to add to the downtown congestion by bringing people in from beyond Scarborough who should be using public transit. It is used by people much more than by trucks.

**Hon. Mr. Fulton:** Dare I ask how you got to work today?

**Ms. Bryden:** Well by car, because I have to stop at my constituency office on the way down to pick up stuff and that sort of thing.

**Hon. Mr. Fulton:** But there is a streetcar line on Queen Street?

**Ms. Bryden:** It would take me an hour by a circuitous route to my office and then back down here. The thing is, you have got to be thinking in terms of the effect on your road system. There is no reason a lot of deliveries could not be made at night, as happens in European cities.

**Hon. Mr. Fulton:** That would create the requirement for a lot of people who are now working from nine to five, eight to four or whatever, to be shipping at one end, receiving at the other and driving in the middle. That is what you are suggesting. It is not a simple case of having a truckload of widgets delivered from Oshawa to a Toronto plant or vice versa just at the snap of one's fingers. There is a tremendous number of employment hours required to effect that.

**Ms. Bryden:** I agree, but I think we should be looking at methods of dispersing the traffic, not things like the Leslie Street extension which is not dispersing it but is just bringing it into the centre of Toronto. I do not think it is making much difference the other way. What about the east Metro transportation corridor?

**Hon. Mr. Fulton:** Did you support the mayor of Toronto's proposal that was on the table at one



time to create new one-way streets in Toronto to help alleviate that problem?

**Ms. Bryden:** No I did not; because his proposal was not well thought out. It had not been researched, as most people found out when it came before the council. It requires a great deal more study of the effects. It was also going to disturb a bus service on Yonge Street for elderly citizens who rely on that very much; and of course all the merchants along the line were also going to be very much inconvenienced. There were more arguments against it than for it, I think. Actually, it has been rejected again by city council.

But what about the east Metro transportation corridor? That is presumably going to disrupt the designated environmentally sensitive areas in the Rouge Valley, which is a priceless tract of unspoiled wilderness on the edge of Metro. Is that something you would support? Would you permit that to proceed? It has been discussed, I think, in Transportation Directions.

**Hon. Mr. Fulton:** We are not proposing a roadway in the valley. It is not like the Don Valley Parkway.

**Ms. Bryden:** No, I know that.

**Hon. Mr. Fulton:** Then you would be aware we are protecting a corridor as far west of valley lands in the study area as is physically possible. We are protecting the corridor. We are constantly working with the Rouge Valley people and other interested persons. In fact, only last week we met with the two leaders of that group to see what the alternatives are, whether the alternatives are further east in Pickering, or some other way considering Scarborough's own plan for the major arterial road developments at Meadowvale and Morningside and the other impacts. We are continuing to work with them.

You should also be aware that in that sensitive valley land you talk about there are at least 29 other public utility crossings of that valley, between the existing roads network, Ontario Hydro lines, major rail lines and a couple of transmission lines underground.

**Ms. Bryden:** Is that a reason for adding to the number of crossings of that valley?

**Hon. Mr. Fulton:** We are not. We are adding one potential crossing.

**Ms. Bryden:** What value is that going to be to the transportation system of the greater Toronto area?

**Hon. Mr. Fulton:** If you are going to develop affordable housing—which I know you support—that is going to be out in that area of Seaton and

surrounding lands, you need to be able to move those people, and goods and services to those people; to get them back and forth to jobs, hospitals, schools and so on. You need some kind of transportation network.

If you do not have the corridor, you are going to have at least two, if not three, major arterial roads, which would be the proposed relocation of Finch which does cross the valley at a couple of points—and very close to the Finch meander, which I know you will be familiar with—and the development of Morningside and Meadowvale as major arterial roads.

Scarborough, you would be aware, in fact supported the east Metro corridor, conditional on the province actually starting construction in 1985. Councils change, opinions change, and its position now is somewhat different. But all of the nine other municipalities that are affected by our roads' plans are in support and wish that roadway or that corridor to be maintained. Markham, the region of York, Durham, Pickering and Metropolitan Toronto all want that corridor protected.

The options that were identified a number of years ago in Durham are simply not available any longer. They have been developed, as the member for Durham West (Mrs. Stoner) would be aware. I guess one was near Brock Road. There is major commercial development adjacent to Highway 401. Altona Road, which I personally suggested many, many years ago, is developed beyond any reasonable ability to build the kind of network that is necessary.

The next road opportunity—we do not consider it as an option but it is needed as well—is county road 23, which is quite some distance east of Scarborough.

#### 1710

**Ms. Bryden:** I agree that you have to look ahead in your planning, but you also have to look at trying to deflect some of the roads you are mentioning, which the municipalities want in order to get their people down to the centre of Toronto and get goods back to the people. If there was more use of the subcentres and more decentralization of the greater Toronto economic activity you would probably not need all of those arterial roads.

**Hon. Mr. Fulton:** The corridor is not going to direct a lot of people in or out of Toronto; it is going to help Scarborough and Markham and Durham deal with their traffic problems.

**Ms. Bryden:** And bring their traffic right down to the centre of Toronto.

**Hon. Mr. Fulton:** No, it does not. It goes from Highway 401 eventually to Highway 407.

**Mr. Hobbs:** The major traffic flow is going to be eased.

**Hon. Mr. Fulton:** It does not alter that pattern one bit; it helps facilitate Scarborough's development. Scarborough has a workforce in excess of 250,000 people. Scarborough is one of those subcentres; that is why the province in 1981 moved ahead with the rapid transit extension. That was based on their transportation capacity. All of their development was totally dependent on McCowan and Highway 401 and Brimley and the rapid transit. Those 40,000 jobs that you wanted moved out of the centre of Toronto are out there because of the transportation capacity.

**Ms. Bryden:** Okay, but there could be much more; a continuation of that movement.

**Hon. Mr. Fulton:** That is it exactly; thank you.

**Mr. Hobbs:** Just one additional comment: if there is not a north-south freeway somewhere in that area, then over a 20- to 25-year period you are looking at an increase in traffic, on specific roads, of anywhere from 300 per cent to 500 per cent on the existing north-south roads.

**Mr. Dietsch:** Are you going to leave a little time for questions over here?

**Ms. Bryden:** Yes, I hope so. Let's move on as the member would also like a chance to ask some questions.

**Mr. Chairman:** I think that is a fair comment, Ms. Bryden; can you make sure that there is some time over here.

**Ms. Bryden:** There are just a couple of reports I wanted the minister to be aware of, and I hope he will study them and act on them.

One is that just recently, February 17, I received from Pat Marshall, the executive director of the Metro Action Committee on Public Violence against Women and Children, a very detailed submission about how the transit systems, both public and private, in the whole area of Metro Toronto and greater Toronto should be modified or should take into consideration the need for transit being adapted to make it safer for women.

They have a leaflet called *Moving Forward*, which the Toronto Transit Commission has put out, partly at their instigation, which includes about 55 draft recommendations for improving women's safety on the subway system. This was developed by this group, plus the TTC and the Metro police. I hope you will be looking into that and perhaps assisting the TTC with any expenses that may be involved to implement that. I do not imagine you have had a chance to read it yet.

**Hon. Mr. Fulton:** No, but you will be aware that we have people within the ministry, within municipal transit, who meet on a regular basis with the TTC and with other transit operators. That is their job. The TTC being the largest operator in the province, we spend an incredible amount of time with it. About 70 per cent of our transit budget, in fact, is directed towards the TTC, and certainly anything that would enhance service to the public and improve public safety, of course we deal with on a routine, regular basis.

**Ms. Bryden:** That is good to know. We will be watching for some action on this report.

The special transit needs of the disabled and elderly are another thing that concerns me very much. In the last provincial election, the Premier made statements which seemed to indicate that the transportation needs of these groups were going to be a high priority in the new Liberal government.

Despite the creation of a special branch of the Ministry of Transportation for the disabled and elderly in early 1988, I have seen very few transportation initiatives announced by this particular body. Can you tell me what is the exact role of this year-old office of transportation for disabled and elderly persons, as it is called? According to the telephone book, it has five persons on staff. After a year of existence, has it made any major announcements or made plans for improving transit services for the disabled and elderly?

**Hon. Mr. Fulton:** That happens to be a particular unit within the ministry of which I am particularly proud. I think we have shown leadership not only in this province but across this country and indeed across North America with respect to addressing the needs of the disabled and the frail elderly.

I do not know if you were at the Ontario Good Roads Association convention last year in February. In the morning session, we announced the introduction of our disabled-accessible taxi service, which is not a study, not a proposal; it is an actual revenue service in Sudbury, Sault Ste. Marie, Richmond Hill, Ottawa and one other, and hopefully soon to be at Pearson International Airport, in Markham, in the Niagara region and in at least 10 other communities. We recently asked other municipalities where service does not now exist to let us know and to help us, with their local people, to see how we could extend and improve on that service.

Last fall we introduced accessible buses. These are operating buses in the St. Catharines Transit Commission, which are a major benefit



to those people you are talking about. That kind of service and the modifications—I think there were 39 modifications to those buses—are of great assistance to the disabled, the frail elderly, older people and people like myself who are only temporarily disabled, if I can use that term.

We have done an awful lot of work. We are spending money to create transit service where none now exists in small-town and rural Ontario. We are doing a number of things. I think the important thing was recognizing that there is a need out there. I believe that with the taxis and the buses we have created the unit. We have created a profile and recognized that those needs are there.

There are 1.2 million people, by definition, in this province who require some kind of special access, who could make use of some kind of service. Most of them use the private car. We are moving extensively, and I think the accessible taxi is probably one of the best programs. We have talked to the Metropolitan Licensing Commission, Mrs. Ruddell-Foster, and other people to see where we can introduce it in Toronto, which I know would be your particular concern.

In this instance there is a broader community out there where we are able to address their needs very quickly. In fact, if I recall the chairman attended in Sudbury when that service was introduced. It has been well accepted. We are providing people, ongoing, with the expertise we have to very aggressively promote these services and make them available, putting capital funding together; and we will continue.

**Ms. Bryden:** I certainly would agree that the ministry has done a considerable amount to extend opportunities for the disabled and the elderly. What are you doing, though, to try to make the TTC subway more accessible? There are still far too many stations where there is no accessibility for anybody who cannot manage stairs.

**Hon. Mr. Fulton:** There is a whole range of disabilities, but I think the first instance is that if you cannot get from your home to the bus stop or streetcar stop then maybe we have to back up the provision of that service. Should we be spending an enormous amount of money to retrofit the TTC subway in certain places, when in fact you cannot get to the bus to get to the subway? If you cannot get off at the other end of the subway, why the investment to provide an elevator or an escalator, or whatever, at one end?

How do we get those people access to services, jobs, education, leisure time pursuits and so on?

There has to be a limiting effect. If we were to pour the resources required right now into what you are suggesting, we would have to back away from some of the parallel services we can effect and are effecting at less cost, in some cases 24-hour service seven days a week, that are not currently available, as opposed to spending \$500 million or more to retrofit the existing subway system.

## 1720

**Mr. Hobbs:** Can I just add some comments? We are working with the Toronto Transit Commission and other transit systems to make it easier for people with various disabilities to use existing transit systems, ranging from people who have hearing problems to visual problems. There are a lot of things. We sponsored a report which reviewed a whole range from minor to major things which can make it much easier for various groups of the disabled to use conventional transit, not just in Toronto but beyond. Those are things we are exploring with the transit authorities right now.

With respect to the TTC and the subway system in particular, as the minister has indicated there are a lot of issues that have to be looked at. How does one get to the subway system? How do you deal with certain types of disabled people who find themselves on the platform at Bloor and Yonge at 8:15 a.m. in terms not only of their ability to board but what that does to the operation of the subway system?

You are right about the issue of making provision for elevators or escalators. There are a number of safety issues that have to be looked at; for example, a fire in the subway system. We cannot very easily go in and retrofit the tunnels. In the case of a fire such as they had in London, England, the first thing you cannot use is an elevator. There are a lot of issues related to the total accessibility thing which have to be reviewed.

We are looking at the expansion of services into the rural areas where there is limited availability of services. We are looking at how one provides cross-boundary services, because right now Wheel-Trans operates in Toronto and the rest operate within their jurisdictions.

These are all active studies that are ongoing, in addition to the fact that we recently expanded the eligibility criteria fairly significantly for those people who can make use of the parallel systems.

For people who in previous years have driven with a disabled plate, we are moving to a disabled permit, which will make it easier for them. The majority of disabled people today use automot-



biles and prefer to use automobiles to get around. The permit is going to make it much more flexible for the disabled to get to various places, to park; there is a model parking bylaw. There is a large number of items ongoing in terms of what that office of the ministry is dealing with in that area right now.

**Mr. Chairman:** Ms. Bryden, the members on this side have been very patient since about three o'clock. I think we had better move over to that side. Mrs. Stoner has been as patient as anyone.

**Mrs. Stoner:** I would like to respond, before I actually get to my questions, to some of the points Ms. Bryden made this afternoon, particularly as they pertain to those communities that surround Metro Toronto, urban communities that do utilize both the existing highway and our urban transportation systems.

The GO train system in our community has been a real boon to the community, and those communities were there a long time before GO ever was. Oshawa, Whitby, Ajax and Pickering are old communities; they are growing, but they have certainly been there a long time. The GO train extension this minister has achieved to Ajax and Whitby has really made a difference. Frankly, it has made a difference all the way along the line, in Metro and out of Metro.

Everybody wants the GO train and I think we have had that expressed earlier, but for those communities that do have it, the new facilities in those two municipalities are now well used. As a matter of fact, they are so well used that there is going to be an expansion this summer of the parking lots in both communities.

In Pickering, you can actually get into the parking lot before eight o'clock now. Your ability to get in there and take a 7:30 train is now possible, whereas before it was just simply impossible. That carried over into Metro because everybody was then using the Rouge and the Rouge was stacked. Then we were getting all kinds of complaints, Metro members and other members, about the ticketing that was going on at the stations because they were swamped at the Rouge facility.

**Hon. Mr. Fulton:** Could I interject? Do you have any idea how many the local member for the Rouge Hill station got?

**Mrs. Stoner:** How many did you get?

**Hon. Mr. Fulton:** A lot.

**Mrs. Stoner:** The ones who could not get through to you got to me, because some of them were Pickering residents and Ajax residents who were driving to Scarborough to park.

**Hon. Mr. Fulton:** Your people were parking on my streets.

**Mrs. Stoner:** Yes, and that only underlines the importance of that system. Frankly, it is the kind of thing we are encouraging and should be encouraging. It is most appropriate to put as many people as possible on that kind of system. The integration of the Toronto Transit Commission with the local transportation networks has been a terrific boon. All I can do is applaud the minister for what he has been able to achieve there.

I sat on the regional and municipal councils for 10 years. Until this minister there was never the kind of joint consultation you seem to imply was missing with the local municipalities and the whole greater Metropolitan Toronto area on transportation issues.

My question to the minister is, would he expand for everybody's benefit on the kind of dialoguing he implemented a few years ago to start the conversations between those municipalities outside Metro and those inside Metro on all transportation issues, not just on highway construction or the train systems or even the subway systems, but the whole integrated mass of transportation? That is my question.

**Hon. Mr. Fulton:** Thanks a lot.

**Mr. Dietsch:** And when you have done that, I want you to do it for us in Hamilton.

**Hon. Mr. Fulton:** Thank you, Norah.

**Mr. Chairman:** Next.

**Hon. Mr. Fulton:** I appreciate your comment. I guess it was something of an achievement on the part of the ministry staff and some of the politicians that when we came in and took a look at what we inherited and what we had to deal with, in the area of greater Toronto, if we refer to that—by no means excluding the rest of the province which is equally important—we were confronted with 22 municipalities and 17 different transit authorities and operators, all doing essentially the same thing but not doing it in pace with the other guy. The only common element to that, I guess, was the GO Transit service, which has been of enormous benefit since its incorporation or inception 21 years ago.

We embarked on a program of bringing all these folks together for the very first time. We did it with a roads forum. We did it with the public transit forum. We brought people together and they became aware. I remember clearly because we had three summary meetings, one in Burlington and the other two around the Toronto area, where folks from Durham said they had

never seen Vaughan and Woodbridge before and had no idea of the enormous developments taking place out in the west end of Toronto.

The result of all that, over about 18 months I guess, was to address the needs of the greater Toronto area with respect to integrating fares, co-ordinating services, addressing the whole needs of cross-boundary service. When you get to Steeles Avenue you do not really care that you have moved either into Metro or out to Markham. The fact is that you want the system to carry on. Of course you drive your car, but those who would take the public transit would want to be able to access throughout the system, whether you are coming in from Peel or coming in from Durham, and we have managed to bring that about.

In February 1988 we announced the fare integration, the Twin Pass between the GO service and the Toronto Transit Commission. Subsequent to that, I think it was last November, we managed to expand the fare integration between those services to 14 other locations within Metro and beyond. We are continuing with that.

**1730**

At one time, to access the Pickering GO train you had to take three different bus lines, which obviously most people are not going to do. They are going to jump in their car, as you do, and drive to downtown Toronto. Now they can get on the bus and access the service in a much more convenient manner, and that is carrying on.

For every three movements into Metro there are two going the other way. We have to recognize the enormous growth that is taking place. I think we have made enormous strides in doing that, in developing a transportation network with co-ordination and political co-operation between the four regions, and with Halton and Hamilton-Wentworth sort of as adjuncts as we move to the west. I think it has worked and worked extremely well.

I want to comment on one of your opening comments, that Metro does not seem to share in the whole GO experience. It is quite untrue. You would be aware that the Metro chairman sits as a member of the board of directors of GO Transit. Metro is well served by GO Transit. In fact, about 25 per cent of the riders of GO Transit are in Metro. They do not all come in from Pickering, Oakville or wherever. There is an extensive service provided to Metropolitan Toronto residents by GO service.

I do not know whether I have answered all your questions. It would take a lengthy time to go

through all the documents and meetings that took place, but the essential point was that we brought a lot of disparate interests, particularly political interests, together to address in a very real and meaningful way the entire transportation needs of the whole region, the area of Metropolitan Toronto and the three surrounding regions. I expect that kind of dialogue will carry on and I expect the level of service improvements will also carry on and continue. We have a strong commitment to public transit and to our road system, and we expect to maintain and expand whenever the opportunities are there.

**Ms. Bryden:** Not the Sheppard subway?

**Hon. Mr. Fulton:** That is all part of it.

**Mr. Tatham:** My question is probably just a little bit bigger than transportation; it is a matter of development in the province. We have a problem of high house prices in the Metro area. We have transportation on highways and roads. I wonder whether we should perhaps look at the situation on a little larger scale and perhaps set up a chair at a university or something of that nature whereby we bring transportation and housing together, so that people can have a long-term view.

I am sure there are lots of people who are technically capable of building homes or planning subdivisions, but as far as integrating transportation and housing and putting them together with ideas of what type of growth we are going to have in our province is concerned, I wonder whether this might be of benefit not only to the province but to Canada, perhaps to North America.

I understand Northwestern University does it and I believe there is another college someplace in the United States where the Eno people funded with many millions of dollars many years ago. Perhaps this is an initiative this ministry could take to try to establish some university setting whereby students could come and be trained in this matter of transportation and housing.

**Hon. Mr. Fulton:** I think there is a very direct connection, a linkage between transportation and housing. I do not know about a university chair. We bring in students, university folks and we are always looking for capable and competent people within the ministry. Is the suggestion that there be the establishment of chair at a university?

**Mr. Tatham:** Perhaps I am not learned in the matters of universities, but it seems to me we are all good people and are all trying to do something good for the community regardless of party, but perhaps the academics can look at it objectively



without any political bias and suggest: "This is the way it has happened in New York or Berlin or wherever in the world and this is how it has evolved over the years. Here is how it could perhaps evolve here in Ontario."

**Hon. Mr. Fulton:** I think that kind of dialogue is ongoing with the deputy and a great number of the staff. A lot of jurisdictions look to Ontario for leadership and guidance in a number of questions related to transportation and how that interconnects with housing, industrial development and other factors. I think the assistant deputy minister for provincial and municipal transportation is out of the country now doing just that. It is an ongoing process.

We have visited other jurisdictions to see how they integrate rail services and bus services and so on. I personally have done that, as have the deputy and others within the ministry. We do that all the time. We are always looking for creative solutions.

There are many forums to bring people and ideas together. While we are not always seeking information, we are often asked to provide information to any number of jurisdictions. If there is some way of improving that interchange of dialogue and ideas and creative solutions to the problems we face, we would more than welcome those opportunities.

**Mr. Daigeler:** Minister; first, I want to thank you for your recent comments, in particular on the CVO program in Ottawa with regard to the construction of Highway 416. I think it helped to clarify a little what your ministry has been doing and is in the process of doing with regard to the construction of this highway. In fact, the section up to Century Road, most of which is in my riding, is under way and is proceeding as planned.

Obviously, we are interested in the completion. As you said, there is certainly a commitment in principle. As well, it is question of finding the necessary resources to complete that, perhaps sooner than may be possible at this time. I understand we are competing with all kinds of priorities.

My main point is that I understand that at least until 1984 the federal government contributed towards road construction costs as well. I would like to know a little more. What was that contribution from the federal government? Are they no longer contributing at all towards road construction? I see some things in the paper that there are serious attempts to get them to contribute again. Where is this all at? Obviously, if there used to be federal contributions and they

are no longer forthcoming, we in turn cannot do the road construction as quickly as we would like. I would just like to know for my own benefit what kind of contribution was there and where is that at present.

**Hon. Mr. Fulton:** I do not have the exact breakdown of dollars that the federal government might have contributed in the past. If they are contributing anything to any road program in Ontario today, it would likely be within the National Capital Commission area. They are certainly not contributing to our ministry at all.

As members from the north in particular would be aware, both in the House and other forums we have addressed the whole issue of attracting their attention, to assist in the rebuilding and rehabilitation of Highway 17 in particular as a start. We have addressed that issue with three federal ministers of Transport: Mr. Mazankowski, Mr. Crosbie, and the new minister, Mr. Bouchard.

I am not sure if your reference to 1984 is not the termination of UTAP, which was the urban transportation assistance program. It was in place for several years, I presume, and I think was largely directed towards splitting the cost of grade separation for railways. It was not exactly a one-third formula. The railway itself paid some absurd amount of money, around \$60,500 per grade separation, I think it was, while you are talking about multimillion dollar projects.

#### 1740

The feds got out of that program some time ago. As recently as Monday of this week we were again seeking their recommitment to that kind of program. There is going to be some assistance with two grade separations. I think one is in Woodstock and the other is in Kingston; I am not sure. There are two they have announced, but we have identified 55 other grade separations across the province that we feel need to be done in the next few years. We are looking at an enormous cost of about \$300 million to address those.

Frankly, if I were to be parochial, several of the high priorities in this province happen to be in my riding—but that is purely incidental and coincidental—so I need to involve the federal government. Actually, a number of grade separations with probably the highest priorities in Ontario are likely located in Scarborough. They certainly were a few years ago.

We have had no indication. There has been a fairly recent meeting between our deputy minister and the new federal deputy. I am not sure whether that subject was discussed to any extent or not, but certainly we have not had any indication from the federal government that it



intends to either get back into the grade separation program or the highway program, which it was involved with back in the 1950s when building Highway 17. We would certainly welcome any support. Other provinces have been given it, but we have not.

**Mr. Daigeler:** I understand there is some indication the federal government is not willing to contribute to infrastructure costs such as roads.

**Hon. Mr. Fulton:** You say it is or it is not?

**Mr. Daigeler:** I think there are mixed signals coming.

**Hon. Mr. Fulton:** I know there has been lots of talk, but I have not seen any cheques yet.

**Mr. Daigeler:** I think I have seen something in writing that says if it is related to economic development the federal government might consider infrastructure costs.

**Hon. Mr. Fulton:** I hope it does. One of the major projects in eastern Ontario is the Perley bridge in Hawkesbury, where it was a three-way split between Quebec, Ontario and the federal government. I think the only agreement we have, if there is anything even yet, is an agreement to at least meet. We need to get on with that. It is a major structure, as you would be aware, in the range of \$65 million. It is the only connection between Ottawa and Montreal. Talking about economic importance and an economic link, it is extremely important to eastern Ontario. We were asking for the federal government to participate again. That bridge is going to be closed. It is not going to be maintained for ever and ever. There is a termination date on that bridge.

If we got a federal contribution for Highway 416, we could also announce the acceleration of that needed facility, but we have not had any indication that the feds are paying an awful lot of attention to Ontario's needs.

**Mr. Brown:** I would like to bring to the minister's attention—I know he is well aware of it because he worked very hard for it to happen—the biggest mass transit event in the riding of Algoma-Manitowlin in many years, and that is the purchase of a second ferry for the Tobermory-South Baymouth run to twin the Chi-Cheemaun. I wonder if you are intending to four-lane the Bruce Peninsula now to accommodate all the cars.

**Hon. Mr. Fulton:** The deputy told me just as far as Flesherton. That is where his chalet is.

**Mr. Brown:** Really, I appreciate it. I know you were across on the Chi-Cheemaun last year, that you recognized the problem and helped very much at the cabinet table having that approved. I

just want to go on record as thanking you for your efforts.

**Hon. Mr. Fulton:** Thank you. I appreciate that.

**Mr. Chairman:** The only pitch I would make is to get on with fixing the Sultan road. I hear the members down here talking about public transit. I wish they could be transported, by public or other means, over the Sultan road some day.

**Mr. Dietsch:** I would like to have the minister refresh my memory. Recently, at one of the estimates hearings, I believe I brought up the potential of water transportation and what I would view as a potential site with respect to coming across from St. Catharines and going to Toronto, to circumvent the heavy traffic on the Queen Elizabeth Way between the Burlington Skyway and Toronto.

I wonder if the minister could tell me whether that is something which is being looked at or whether he would in fact be willing to have someone in his ministry look at that kind of potential answer to what I consider a reasonably serious congestion of traffic, certainly at peak times and certainly on an ongoing basis, between St. Catharines and Toronto.

As the city of Toronto's housing crisis, as some would call it, rises with respect to escalation in cost, it seems to me what is happening is housing is moving out from the centre core and down towards the Niagara Peninsula. As that becomes more prevalent, it is recognized that the ongoing transportation problems are increasing. Maybe the minister could outline what is being done in that area.

**Hon. Mr. Fulton:** We welcome any initiative that would help provide relief for the congestion you have identified here and in other forums, particularly with respect to the Queen Elizabeth Way and other roads in the area. In the past, there have been some commercial ventures on the water. By commercial I mean the movement of goods, not primarily of people.

There was a transfer across the lake from Oshawa to Oswego and Rochester a few years ago. I am not sure just when they terminated that service, but I think they were transporting vehicles, supported by the provincial government. Obviously, that has an impact on the movement of truck traffic, on the highway transport of those same vehicles.

I received a delegation a while ago, I guess a couple of months ago, looking at a similar—I cannot disclose the principals or the locations, but there is another organization looking to do that in a more westerly part of Lake Ontario

where it would move goods across the lake. One of the objectives there is the very dramatic reduction in truck movement that would be effected by this service if it should come into place. Some of our ministry staff are indeed working with a couple of those folks.

A few years ago there was a hovercraft service across the lake, but I believe it was of a more recreational nature, to Niagara-on-the-Lake from Toronto. I think it was to see the theatre, have dinner and so on, back and forth. I have not heard, although I would welcome it if someone were to suggest it, about a hovercraft type of service, which seems to be acceptable in other areas, I think across the English Channel. I think there is one on the west coast somewhere or used to be. They are viable operations, quite safe and all of that.

If there were a proposal, we would certainly welcome it and assist where we could. That does not necessarily mean a financial commitment. You are talking to someone who spends as much time on the water as possible. I find sailing the original form of transportation.

There have been some rumours around about another commercial venture across the lake, which I understood would be roughly from St. Catharines to perhaps Oakville and on to Toronto. I have only heard about that casually through a magazine or a newspaper article or something like that. We have not had any proposals but if you have any money to spend, then we would be interested in what you have.

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**Mr. Dietsch:** It just seems to me that has a potential for removing some of the transportation congestion on that highway.

**Hon. Mr. Fulton:** Sure.

**Mr. Dietsch:** It certainly works in the European market and is something that could be explored with respect to alleviating some of that traffic.

**Hon. Mr. Fulton:** With the number of ports around the lake and those within Ontario, I think there is potential. I do not know how profitable it would be, but there certainly is a very real potential to move commuters. You have substantial port facilities in Hamilton, in Oshawa and in Whitby. You have access in Scarborough and certainly in Toronto harbour. There are many others as well that could probably be brought into play. St. Catharines, I think, would be a prime location. It is a good idea whose day may yet come.

**Mr. Dietsch:** Perhaps we could get Mr. Brown's Chi-Cheemaun down there to try it out.

**Hon. Mr. Fulton:** You would have to check the draught before you went into some of those harbours.

**Mr. Chairman:** Mr. Tatham, did you have a supplementary for Mr. Fulton?

**Mr. Tatham:** It was tied in with the matter of water transportation. I understand that the Mississippi barges were having problems because of low water. What action do we take on the Great Lakes and the St. Lawrence?

**Hon. Mr. Fulton:** Their problem is one with low water and the shifting of sandbars, especially in the delta. The further south you get the worse it gets. They have really shallow water. They are down to three or four feet in places. In the case of the Seaway, you have minimum 27-foot depth, but that does not necessarily apply—the member for Durham West will be well aware of the very shallow water conditions in the port of Pickering which used to be one of the most viable and busiest ports in Ontario at one time.

We do not intervene a great deal, beyond my own personal interest in water levels. We do not control them. The conservation authority has interest in some areas but if it is a port that is within the Navigable Waters Protection Act, that is a federal responsibility. There are not too many harbours around that I am aware of, outside of Frenchman's Bay, that have a really serious draught problem, depending on what kind of draught you are talking about.

I do not know what the draught of Chi-Cheemaun is. My guess is that it would probably be about 14 feet. You would never get that boat into Frenchman's Bay, but you could probably get it into Oshawa as a comparison, or maybe Whitby harbour. I am not sure.

**Mr. Tatham:** Does the government of Ontario play any role as far as the Great Lakes and the St. Lawrence Seaway are concerned?

**Hon. Mr. Fulton:** I think there is an advocacy role. We very much support the viability, its importance to Ontario's economy. We have a marine office which spent a considerable amount of time with the shipping interests on the lake and with 70 port authorities, way down as far as Beaconsfield in Quebec. We meet with them, our staff officials meet with them. We have spent a fair amount of time up in Thunder Bay, where a lot of the interest originates, with a number of interested parties.



**Mr. Dietsch:** I know Mr. Tatham has a supplementary, but I do want to make one last point before I give up the floor. I am still very much interested in pursuing, while our friends from GO Transit are in the room, GO Transit moving down towards the Niagara Peninsula. I think that is going to be something that will help. It is working in the easterly part of Metropolitan Toronto, and I think it is something that has to be looked at very seriously and perhaps should even be moved up on the scale of priority, if you will, to answer some of the difficulties that are faced in the Hamilton and Niagara regions.

**Hon. Mr. Fulton:** You will be aware that we have made substantial progress in the expansion of service both east-west and in other directions. Just since December we have extended two services, Milton as well as the Ajax-Whitby line. We have placed an order for \$85 million worth of bilevels. We have more diesels on order from General Motors in London; I think 12 more on top of the 16 previously. The cars are on order and new cars are coming down all the time. In fact we have even sold a few off to the state of Florida things are so good.

GO is just a phenomenal service. It is probably the fastest-growing public transit system in North America. The ridership has increased at the rate of about seven or eight per cent a year. I think we demonstrated with our announcement of October 1985 our commitment to expansion of that service, and equipment has been coming in on target and we have been accomplishing what we said we were going to accomplish. I fully expect we will continue with that.

**Mr. Chairman:** Which is why we are going to vote in about two minutes on \$13.5 million more. Is the committee ready to proceed?

**Ms. Bryden:** Can I have one minute to draw to the minister's attention two reports on rail transit, which has not been discussed at all this afternoon? I am not asking him to comment on them, but just to look at them.

**Hon. Mr. Fulton:** Mr. Tatham brought it to our attention.

**Ms. Bryden:** One is by Ross Snetsinger, who happens to live in my riding but also is very interested in rail transit and its ecological advantages. He has just produced a report entitled Utilizing the Unique Rail Corridor in Ontario in the Interests of the Environment, the People and the Future. It seems to me something the minister should not miss. I received it on January 31.

There is another one from a new group called the Think Rail Group, which is a group of five citizens of Ontario in the Golden Horseshoe who have produced a paper called Passenger Train Service for Southern Ontario, the Think Rail Group, January 16, 1989. I think it is worth looking at as well.

**Hon. Mr. Fulton:** We have more than a passing interest in the rail services. It goes back to your original question on buses. It is a very important component of the overall transportation network. Mr. Tatham, our friend from Oxford, has had a particular interest with respect to the whole issue of the continuation of rail. I think we should appoint him as a special assistant to handle some of those rail-related issues. It would be a good idea.

**Mr. Chairman:** Would you conduct that kind of business elsewhere?

**Hon. Mr. Fulton:** One last point: The member for Beaches-Woodbine called my office today and wanted a copy of my speech to the Ontario Good Roads Association and I would like to go on record. There it is.

**Ms. Bryden:** Special delivery.

**Mr. Chairman:** Is the committee ready for the vote on the estimates?

Votes 3701 to 3708, inclusive, agreed to.

**Mr. Chairman:** We have the supplementary estimates of \$13.5 million I referred to earlier. Carried?

Supplementary vote 3705, item 3, agreed to.

**Mr. Chairman:** Shall the estimates be reported to the House?

Agreed to.

**Mr. Chairman:** I would like to thank members for their co-operation, and the minister and his staff for helping us get through the estimates of the Ministry of Transportation.

**Hon. Mr. Fulton:** Thank you, Mr. Chairman, and each of the members of the committee for this very engaging process and the very intelligent questions that have been raised here. They were important issues.

**Mr. Chairman:** The next time the committee meets is this coming Monday afternoon following routine proceedings in this room to hear representations on Bill 162, An Act to amend the Workers' Compensation Act.

The committee adjourned at 5:59 p.m.



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## STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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Daigeler, Hans (Nepean L) for Mr. McGuigan

Mackenzie, Bob (Hamilton East NDP) for Mr. Wildman

**Also taking part:**

Smith, David W. (Lambton L)

**Clerk:** Mellor, Lynn

**Witnesses:**

**From the Ministry of Transportation:**

Fulton, Hon. Ed, Minister of Transportation (Scarborough East L)

Hobbs, David G., Deputy Minister









FEB 26 1992



